

MINISTRY OF PLANNING

PLANNING OF ECONOMIC DEVELOPMENT

IN

THE UNITED ARAB REPUBLIC

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INTRODUCTION

Planning as a "means" for achieving a certain goal or goals is an old principle that has been utilized and in application for centuries. We all, as individuals, have been using the principles of planning, with varying degrees of intensity and knowingly or unknowingly, in steering our lives and efforts as consumers or/and as producers.

Programming and planning, of all sorts and on the level of the producing unit, have been carried out by almost every sizable corporation in all countries. The principle of planning has been recognized years ago in the multi-purpose projects especially in the fields of transportation, land reclamation, and irrigation projects nationally and internationally.

Planning on national scale and applying all its most rigid rules was carried out in most countries regardless of their socio-economics or political systems, and this happened in most of the countries that were involved in the first and second world wars. Each country or group of countries planned their economies, their agricultural and industrial productive capacities, and mobilized all their physical and human resources for only one goal and to all of them. And that was to win the victory in war in the shortest period of time. The time element was the only unknown factor that could not be incorporated in their plans.

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Planning for economic and social development on the national scale could be traced to the years of the late twenties.

After the second world war, many and numerous countries gained their independence. They, the peoples and their governments, were faced with such enormous task of rebuilding their economies and societies. In the face of shortage of material and financial resources, coupled with the lack of know-how, these countries resolved to planning for economic and social development on a national basis.

In 1955, the Berlin Mutual Aid Conference which was held between the Eastern countries witnessed the start of an effort to coordinate the plans of economic and social development of those countries engaged in that conference.

Planning on national, regional, or on an international basis is a matter of must for the developing countries in the face of the ever complicated and advancing sciences and techniques, and the huge amounts of investments required for development that any one country might not be able to achieve or acquire all by itself.

Hence, planning is a necessity as the only means and buffer between limited resources and the galloping demands.

A. THE ROLE OF PLANNING IN THE NATIONAL ECONOMY

A.1. Brief historical review of evolution of national Planning as a means of fostering economic development.

The machinery of Planning Development in the U.A.R. was almost non-existent before 1952. Several attempts to establish a general development agency in the country are on record since 1924 when, parliament decreed that public reserve funds should be kept intact, until a general programme of development in the public sector is drawn. This programme was not drawn, until 1935 when a proposition for a number of projects was submitted but never enacted. In 1936, a limited programme of public works (roads and barracks) was voted for military reasons. In 1938, a decision was taken to prepare a 3-years programme of public investments, but the threatening danger of the second world war and the outbreak of hostilities in 1939 hindered the implementation of the decision. In the years 1940-1945 several councils and committees were formed to draw up plans of development without success; until a 5-year program of public expenditure was announced in 1946, to be financed from public revenue reserves funds. During three decades, the basic drive for development was lacking, although the financial resources needed were available.

One can say that the United Arab Republic, Egypt then, was reborn with the Revolution of the 23rd July 1952.

Ministerial committees were established to draw up sectorial programmes for the main sectors of the economy.

In the early part of 1953, The Council of National Production was formed, to study concerted projects for agricultural and industrial development, and the necessary improvements in transport and communications. The production Council was a planning, and an executive agency in the same time, outside the frame of traditional Ministries and departments. One year later, the Council of Public Services was established, and through its activities a policy of development for social and welfare services was established.

The Production and Services Councils had budgets of their own, and programmes of development, while traditional Ministries had in the same time their own activities of development. Duplication in executive machinery of development was soon discovered and corrected, through the creation of public enterprises, which are business agencies working for development, management and production in specific areas.

In 1956, overall planning activities were entrusted to the National Planning Commission. Ministries and departments were reorganised, with the help of consultative coordinating bodies, to assume the task of sectoral planning and development.

The Production and Services Councils were both assimilated in the National Planning Commission. Their executive responsibilities were transferred to Ministries and other public agencies and organizations, entrusted with execution.

The first plan for economic and social development for doubling the national income in ten years between 1960 and 1970, was worked out, in terms of an outline for the ten years, and a detailed plan for the first five years, out of which more detailed annual plans for execution started with the first year of planning in 1960/61.

The "Charter" which was adopted by the National Congress of popular powers in 1962 stated that:

"Efficient socialist planning is the sole method which guarantees the use of all national resources, including material, natural and human resources, in a practical, scientific and humane way to aim at realising the common good of the masses, and ensuring a life of prosperity for them.

Efficient socialist planning is the guarantee for the sound utilization of actually existing resources, as well as those which are latent or potential. At the same time, it is a guarantee for the continued distribution of fundamental services ..., etc."

A.2. Function of planning, importance of structural and technological change, significance of high rate of growth and of selfsustained growth.

Economic and social development is, by its own nature, a slow process.

The present developed countries have reached their present level of development after hundreds of years of

compiling know-how and applying science to their agriculture, to their industries, and to all their economic and social activities. These countries have gone through cycles of organizing and reorganizing and adjusting their economic and social systems, concepts, institutions, and procedures to fit in with the new levels of their gradual economic and social development.

The recent advancement of the means of transportation and communication between the peoples of the world has confronted the developing countries with another major problem of how to develop, and develop fast.

The developing countries, however, are faced by the fact that they could not go through the same experiences of the developed countries overnight. In the meantime, developing countries do not have neither the patience nor the acceptance to achieve the rates and standards of development of those developed countries over the span of hundreds of year. For, in that period of development, the developed countries through their continued efforts for development, the gulf will increase between them and those behind. Thus the developing countries will keep their relative position in that race for development.

Planning for economic development must take into account the need for a speedy structural and technological change. Past slogans, that resulted in the creation of specialized group of countries in the production of agricultural raw

materials only, or in the production of industrial raw materials, have to be dropped. Traditional if not primitive ways and methods of production have to be replaced by the more advanced and up-to-date technical and scientific methods of production.

The traditional way of life with its slow tempo of generation has to be changed to a more disciplined approach required for the process of economic development.

In the United Arab Republic such a situation persisted for hundreds of years. We were taught that the country could not be but an agricultural and cotton producing farm. Traditions were built and made to be installed around that belief. The whole life of the country was also geared to act and behave according to those concepts.

The will to develop that started with the out-break of the revolution in 1952 broke through those concepts and beliefs. A divorce between the old and the new outlook for development was instituted. Hence, the reliance upon agriculture as the main source of production and lively-hood was dropped. Economic development in the United Arab Republic since the revolution has been based on more and better production in the various sectors of the economy according to a balanced and comprehensive plan. Accordingly, serious efforts have been directed and mobilized towards industrialization at large.

Industry and industrial processes, by their own nature, necessitate a drastic change in the old traditional way of life in an agricultural society. Hence, economic and social

change has to be introduced to suite the new discipline. The success to achieve development through such processes lies largely on the ability of the society to initiate, introduce, and generate such changes.

The economic and social development plan of the United Arab Republic has fully recognized these pre-requisites for development.

In the United Arab Republic, population increases by 2.4 percent annually. A fact of prime importance in deciding upon the rate of necessary growth and development. Such a rate of growth has to exceed, by necessity, that rate of population increase; otherwise economic development will result only in maintaining the real percapita income of the increasing population at best.

With such facts in mind, the rate of growth prescribed in the ten years plan for the United Arab Republic has been calculated to double the real national income in that period. With the present rate of population growth on one hand, and the doubling of the national income on the other, the real per capita income is estimated to increase by about 62 percent in the ten years of the plan.

The economic and social development plan of the United Arab Republic has taken into account - among other things - three major economic facts:

- (1) Investments should be directed towards installing and creating productive capacities in both producers and consumers goods industries.

- (2) That the amount and rate of savings - must by far - exceed those needed for maintenance, and investment for replacement of the existing productive capacities, hence ensuring always a surplus for investment and expansion in present and new branches of economic activities, to achieve the rate of growth envisaged.
- (3) That the economy at large has a certain unity, and that the economic components of the society operate within an integrated and coordinated frame which makes the inter-related and inter-woven layers of the economic structure.

Thus, the plan visualizes - when executed - the formulation of an economic structure that acquires a built - in , self-generating forces which ensure, in the meantime, a self-sustained mechanism for growth for the achievement of the rate of development envisaged in the plan.

A.3. Prior conditions for planned development, the political and social pre-requisites of planning the requisite institutional frame - work, and the need to change and adapt procedures and institutions in the course of economic development.

Humans, as well as societies, aspire for better life and higher standards of living, for both the individual and the Community. The achievement of a better life and a

higher standard of living does not depend solely on mere aspiration. Although aspiration is a prerequisite, it must be backed by the will and active behavior and participation of both individuals and the society to develop, by proper institutions, to mobilize, coordinate, and direct the national resources towards the desired ends.

Economic development is a continuous process to overcome and solve existing as well as future problems. The more development achieved in economic life, the more complicated its structure becomes, and the more complicated the new problems and their ways of solution become.

Economic development as it progresses ushers in new values, new ideas, new concepts, and in short, a new way of life. Institutions and procedures that operated successfully a few years earlier become outmoded, hindering the process of economic progress. They have to be adjusted or reformed to fit into the new situation, in order that they would be better suited to solve the new set of problems, and to serve the necessary requirements of economic and social development.

Such has been the case in the United Arab Republic. The 1952 Revolution reactivated the drive to change and to develop. It instituted the directions and paths for development, and re-organized old institutions in such a way to meet the new responsibilities and requirements necessary for effecting development. Such institutional changes while form a prerequisite for economic growth, represent only the start on the long and tough road leading to development.

A.3(a). Centralization and decentralization of planning

Comprehensive planning for economic development with all its complexities could not be confined within a single central body.

Planning processes and procedures are by their own nature the responsibility of all those engaged and responsible for production and distribution at all levels in the society.

The dimensions and degree to comprehensiveness of planning is closely related to every given level of planning that ranges from the national level of the very local producing unit. Yet, the fact remains that when planning is newly adopted in a developing country it has to be for obvious reasons, a centralized one. The setting of national targets for all sectors of the economy is a task which could only be worked out by an able planning machinery at a national level.

The shortage of technical staff available, the lack of complete understanding and appreciation on the part of many of those engaged and responsible for the administration and management of production, and the lack of quick response on the part of many others to change their attitudes, traditional methods, techniques and procedures into new ones are but some major factors that present the necessity to start with centralized planning. Centralization of planning at this stage does not mean in the United Arab Republic experience that it has to be carried out only by a central body at the national level. On the contrary, almost all

governmental and nongovernmental organizations engaged in productive, as well as, research and administrative activities at all levels participated in the studies and preparations needed for the formulation of the national plan.

Thus, the national plan was the outcome of concerted efforts and mutual participation of all those concerned in the country.

The United Arab Republic adheres to the principles of concerted efforts and centralization in the formulation of the plan in its final form, as well as decentralization in executing the plan.

A.3(b). Division of scope between public and private sectors:

In the developing countries, there exists traditional channels of investment.

With the adoption of planning the pattern of investment for economic and social development will have to differ completely from those traditional trends.

Heavy investments in some branches of economic activities could not be undertaken by the private sector because of the lack of funds, or know-how or mainly because of the low rate of return for types of investment that the private sector declines from participating in them.

Social investments have to be carried out by the public sector.

The political and social system in any one country decides upon how large would be the share of public sector in the new investment in relation to that of the private sector. Yet under any circumstances the burden of investment will fall on the society as a whole.

In the pre-planning era, with the exception of few cases, most of the productive capacities are owned by the private sector. Accordingly production at this stage is mainly in the hands of the private sector.

It is the behavior of the private investors and their reactions and responses to the investment programme that would determine the division of scope between the public and private sectors.

In a planned economy the society could not afford to stand by and wait for the reaction and participation of the private investors. Any investment gap has to be filled by the public sector. In many cases the private sector lacking in initiative except in the traditional channels of investment, the society has to rely on its own public efforts for investment.

When private investors, particularly in the industrial sector, in the United Arab Republic failed to cope with the intensive volume and dimensions of the new investment requirements prescribed in the plan, the government first stepped in to fill the gap, and later exercised its constitutional right on behalf of the people to nationalize certain economic activities, and through public control to accelerate the rate of growth and development.

A.3(c). Choice of policy instruments: use of direct as against indirect methods and controls:

In the United Arab Republic the society and the State recognize and protect the right of individual ownership of the factors of production. They both encourage ownership.

Hence a combination of indirect and direct methods and controls are applied as means of policy instruments, pending on the aim and goals to be achieved.

Whenever an indirect measure succeeds, the United Arab Republic does not resort to direct measures, except where and when direct measures are the only ones that could prove to be effective, and where indirect measures could not bring the required ends.

There has been no preference to direct controls over indirect measures. Either of these is to be followed depending on the degree of effectiveness to reach given ends, and wherever indirect controls are sought to be workable, they are often followed.

A.3(d). Means of enlisting goodwill and active co-operation of the general public as well as of non governmental organization and enterprises.

The continuous and varied processes of formulating an effective plan and its successful execution for the achievement of the aims of the society rest, in the final analysis, with every individual in the society. The positive participation of all individuals in the society, being producers or

consumers, in every walk of life, in the organized, public, and private sectors of the society is a matter of prime necessity for the achievement of the planned aims and goals.

Enlisting the goodwill and active cooperation of the general public as well as of non-governmental organizations and enterprises is a matter of must. The means of enlisting that goodwill and co-operation are numerous, they range from informing the public about the plan, its goals, and the efforts needed to push in its execution, to effecting business income tax exemption for seven years to all enterprises, new or old which invest in certain economic activities on the return of that amount of investment. Labor, aside from their regular wages, share in the distributed profits of all business corporations by 25 per cent. Social security schemes were enacted to secure labor in their productive life and after their retirement and also for their under-age descendants.

Minimum wage laws in both agriculture and in industry were enacted, and enforced.

The seven hours work per day for industrial workers were enacted in 1961 and enforced ever since.

A.3(e) Problems of institutional changes both in the public and private sectors and in the various economic sectors, notably agriculture.

The essence of planning economic and social development is to rebuild the society. Institutional changes impose

themselves to meet the challenge and demands of economic and social development.

In the United Arab Republic the traditional ministries were reorganized, new ministries had to be established, such as: The Ministry of Planning, The Ministry of National Guidance, The Ministry of Agrarian Reform, The Ministry of Scientific Research, The Ministry of Youth, and the Ministry of Local Affairs. Ministries with more than one jurisdiction were split to form: The Ministry of Industry, the Ministry of the Treasury, The Ministry of Economy, The Ministry of Labor, The Ministry of Social Affairs, The Ministry of Education, The Ministry of Higher Education* .

All other ministries went through reorganization processes to meet the new responsibilities of economic and social development.

High Councils were formed such as the High Council for Science, The High Council for Literature and Art, etc..

The reorganization of the Central Government did not stop at that. Local government and local administration had been introduced so that the people would govern themselves and manage their local affairs. Responsibilities that were previously charged to the Central Ministries were transferred to the local authorities in the fields of basic education, health, and social services as well as housing, etc..

* The first three ministries were two ministries, they were the Ministry of Finance and the Ministry of Trade and Industry, the two later ministries were one.

The public business sector went through major reorganization reform. Government business enterprises and productive units were classified according to their economic activity and were enlisted under 39 Public Organizations. The main responsibilities of such organizations include planning, coordinating, and external supervision and auditing for all enterprises enlisted under every organization.

Some economic activities of strategic importance, were nationalized; i.e. banking and insurance activities.

The Agrarian Reform Law was enacted in 1952 to break and end the feudal system that tied millions of the agricultural population to the land which was controlled by few feudalistic families. The Agrarian Reform Law as it stands in 1962 states that the maximum ownership of any one family is 100 feddans. The family is defined as the parents and their under-age children. The excess land holdings were distributed among landless farmers, at reasonable prices to be paid in thirty years.

Tenancy for land has been regulated. Rental payment per feddan has been regulated at seven times the land-tax. And no tenant could be dismissed from his land holding without a court order.

Minimum wage law in the Agricultural sector was enacted for the benefit of the Agricultural labourers.

A.3(f). Problems of balanced development in relation to problem of preferential development of certain sectors or regions.

The level of development in a developing country is not the same in every locale. Some locales are relatively more developed than others. Large disparities between various localities in standard of living are witnessed and already in existence.

These locales with low standards of income must be treated in more favorable terms than the others, in an effort to raise the economic and social levels of their inhabitants to that achieved by more advanced locales. Accordingly per capita social investment in depressed locales has to be higher than in others.

In the United Arab Republic, for example, the Red Sea Region could be considered up till now as the petroleum and mineral store of wealth of the country. This region because of its richness in natural resources needed for industrial development has to be developed at a higher and more intensive rate because, in due time, that region will feed the wheels of the industrial capacities located in the valley.

The same could be said in favor of the development of the Aswan and High Dam Region.

Land Reclamation programmes in the valley - with the exception of few thousand feddans - has encompassed all the

arable land resources in the Nile Valley. However, the need for more land for cultivation called for, guided and serious efforts to be put towards conquering the desert, including the big Saharah Desert and the Miditereanian Coastal Desert areas. Per feddan investment in the Saharah land reclamation is much higher than that in the Valley. Yet the only frontier left in the country for land reclamation is the desert. Hence desert cultivation is an outlet without alternative; accordingly the Tahrir Province land reclamation project, the New Valley in the midst of the Sahara Desert, the Western Coastal regions have been chosen areas for heavy investment in an effort to grow more agricultural produce and livestock in the land which was bare sand only few years ago.

A3(g). Population Policy

The population census of the United Arab Republic estimated their numbers at 12.7 millions in 1917 compared to about 26 millions in 1960. Population more than doubled itself in the last 43 years. Between 1947 and 1960, the population rate of increase was almost 2.4 percent annually. With a birth rate of more than 40 per thousand, which might stay constant for so many years to come, and with a declining death rate due to the expansion of the health service in the country, the rate of increase will exceed the annual 2.4 percent level. This high rate of population increase imposes another burden on the already heavy one for economic development.

The "Charter" of the United Arab Republic which reflects the attitude of the society and which draws the general frame of policies for the country has touched upon the population problem and stated that:

"The objective set by the Egyptian people, through the revolution, to double their national income, at least once every ten years, was not a mere slogan. It was the result of calculating the amount of the force required to face underdeveloped and rush for progress, keeping in mind the increasing rise of population numbers.

This increase constitutes the most dangerous obstacle that faces the Egyptian people in their drive towards raising the standard of production in their country in an effective and efficient way.

While the attempts at family planning with aim of facing the problem of the increasing population, deserve the most sincere efforts supported by modern scientific methods, the need for the most rapid and efficient drive towards the increase of production necessitates that this problem should be taken into consideration in the process of production, regardless of the effects which may result from the experiment of family planning ."

Special clinics have been established in moderate numbers in the United Arab Republic for the sole purpose of helping in the planning of the family size. These clinics and centres are under the auspices of a private organization, supported and subsidised by the Government of the United Arab Republic.

Contraceptives and birth control devices are locally produced and some are imported for distribution at a low price, as a subsidy, for combating the high birth rate. Government as well as private institutions have sided with such measures and a campaign for dissemination of information to the public is in full swing in the country for family planning.

A.4. The Nature of the Plan : The choice or combination of methods for ensuring planned development, ranging from the promulgation of legal directives to the announcement of general guide lines to policy .

It is to be mentioned that ensuring planned development falls within the realm of the execution of the plan. However, in the United Arab Republic both the public and private sectors cooperate in fulfilling and attaining the targets of the plan. As agreed upon, the plan in the United Arab Republic is an official document binding the society to operate within its limits and with allowance for reasonable degree of flexibility, for adjustments to meet unforeseeable obstacles, the society is committed to adhere to the directions set-forth in the plan-frame.

In the process of plan-preparation, the United Arab Republic Government drew on the active participation of private business sector and considered its proposals, both in the investment sphere and in organizational as well as production targets. When the plan-frame was finally drawn, the Government conducted a large-scale campaign to inform the public at large of the plan targets in all economic activities, of its policies in economic and social spheres, and of its measures for execution.

The United Arab Republic budget which itemizes all revenues and all public appropriations for both central and local administrations and enterprises, on annual basis, is in fact the financial official document of the "Public Sector Plan" .

The budget also reflects on the revenue as well as on the expenditure sides, the government policies towards the private sector. Tax laws on one hand and subsidies on the other affect business income directly. They, at large, define a clear path for those who would like to gain from the tax exemptions or subsidies if and when investing or increasing their production in specific economic activities.

In the private sector, the entry into business is regulated through a system of licensing and permits. Bankruptcy or the shut off of business must go through certain legal procedures. In the housing sector, there exists specific regulations and zoning directives governing the erection of new buildings and the demolishing of old ones.

In the agricultural sector, maximum area to be planted under cotton by every land holder is decided upon by law, and in the case of wheat the law defines the minimum area to be cultivated.

The government of the United Arab Republic studies all the laws and regulations in existence to modify and update them within the frame of the socialistic, democratic, and cooperative system of the country, aiming at furthering development and accelerating development efforts.

A.5. The period of the Plan: Annual, medium-term, and long-term plans for economic development and relationships between them.

The United Arab Republic has set its immediate and general goal in planning to double the real national income in ten years. A plan frame was formulated to cover the ten years period between 1960/61 and 1969/70 as the long-term plan.

A more detailed plan frame was formulated to cover the first five years between 1960/61 and 1964/65 as the medium term plan. National income will increase by 40 percent in the period of the first five years.

The five year plan is an integral part of the ten years plan.

In the same year 1959/60 that witnessed the formulation of the long and medium term plans, the first detailed and comprehensive annual plan was worked out for the fiscal year 1960-61. That annual plan was in fact the plan for execution in the first year of the medium-term plan of five years and which is also the first year of the long-term plan of ten years.

Annual plans are drawn, as an integral part of the long-term plan, that takes into account the accomplishment of previous non planned or planned years and which also lead to the realization of the overall goal of doubling the national income in ten years.

The overall goal is fixed at doubling the national income in the long-term plan, the execution of the annual plans and

the medium-term plans enjoy more flexibility and less rigidity in implementation of their components.

The partial and sectoral investment and production goals could be modified with the knowledge and ascertainment of doubling the national income by the end of the ten years.

A.6. Comprehensive plans and partial plans

A comprehensive plan when agreed upon in its final shape constitutes a sum of the preworked out partial plans after going through the process of balancing, coordinating, intertiming and phasing of the components of the final plan.

A comprehensive plan, when executed must be tailored, divided, and subdivided into partial plans which are broken down to hundreds of plans for the numerous producing and distributing units.

This is the case in the United Arab Republic. In the years following the Revolution and before the adoption of a comprehensive plan, the country had partial sectoral plans which were decided upon in the ministries, organizations and in both councils of production and services. Partial planning was replaced by comprehensive planning since 1956.

A.7. Possibilities and Limitations of Planning. What Planning can and cannot be expected to achieve.

Effective planning for economic and social development, and the effective execution of the plan takes into consideration - among other things - the dependence of the country on the availability of foreign resource content of the economic development of the country.

The reliance on the outside world to furnish the country with investment and capital goods, with needed raw material and know-how according to quantities, qualities and time scheduled, in return for the country's exports and/or for credit and aid sets the pace of execution of annual and longer range plans, helps or hinders the country in realizing its goals in the time prescribed.

It is the degree of reliance on, and the response of, the outside world to fulfill the external demands of development that sets the tone and pace of achievement.

A country that does not rely on foreign resources because of the sufficiency of internal resources for development can plan and fulfill plan-targets better. In the case of a country where foreign exchange resources are not adequate to meet all external demand, the degree of achievements in planning would depend on the will and ability of the society at large to discipline itself and make available from its internal resources what is required to reach its developmental goals.

B. FORMULATION OF MEDIUM-AND LONG-TERM PLANS

B.1. Method of diagnosis of existing state of economy.

B.1. (a) Survey of Resources:

Survey of resources is a continuous endeavour in the United Arab Republic.

The Department of Mining and Quarry of the Ministry of Industry, the Mining Organization, The Petroleum Organization, and their companies, all cooperate in research, survey and estimation of the mineral and petroleum wealth of the Republic.

The Ministry of Agriculture, the Ministry of Agrarian Reform and Land Reclamation, the Desert Development Organization, the Land Reclamation Organization, and the Land Development Organization cooperate in research and survey of the potential agricultural land in the Sahara and in the Eastern desert for the purpose of reclaiming and developing agricultural land.

The National Research Centre and other research institutions including universities and specialized departments of government work on the problem of utilization of local raw materials in manufacturing industries as substitutes for the imported raw materials which are used by the existing industries or which are needed for developing new industries in the country. Other research centers have been engaged in surveys and studies concerning water-resources, man-power resources, managerial skills and other aspects of resource development.

B.1.(b) Survey of economic and social structure,
determination of levels of development of
the major sectors of the national economy,
and of relative size of these sectors.

Statistical surveys and collection of data are been carried out in every ministry in the sphere of its specialization and jurisdiction.

For example, in the agricultural sector, the Ministry of Agriculture through its departments and branches that cover all the regions of the Republic collect statistical data on agriculture. Such information ranges from the periodical agricultural census to those annual and quarterly data collected. They include land holdings and their distribution, land cultivation and utilization for major and minor crops, estimates of production and yields, employment of manpower and labor wages in agriculture. Periodical estimates of livestock by kind, age group, and geographical distribution, cost of production, farm prices, etc... are also produced.

Such data are processed partly in the Ministry of Agriculture and partly in the Central Department of Statistics. The availability of such statistics give a reasonably accurate picture of production, income originated in that sector and its distribution between wages, land rent, interest payment (estimates are done through the Agricultural and Cooperative Credit Bank, and the Agricultural Cooperative Societies) and profits in agriculture.

Collection of data, their processing and their analysis, and building up of national aggregates are done in the various ministries independently or in cooperation with the Department of Statistics.

The Ministry of Industry and its affiliated Industrial Organizations in cooperation with the department of Statistics, collect data on industries using monthly and quarterly schedules and forms. Industrial statistics show the productive capacities in industries and their production, inputs, wages, .. etc. The data are classified by size, location, and legal entity of enterprises as well as by economic activity and major commodities and group of commodities used and produced, etc...

The Ministry of Economy and the banking system publish periodical data on imports, exports, banking activities, corporate enterprises, custom duties, balance of payments, monetary and other financial statistics.

Education statistics and data are processed and published by the Ministry of Education and the Ministry of High Education and the Universities.

Surveys are carried out by the Ministry of Social Affairs and the Ministry of Labor and statistics are collected and published presenting manpower, employment and unemployment, family budgets and activities of institutions engaged in welfare services, etc...

The Ministry of Economy and the Ministry of Planning use all these published and the unpublished data, reports, and studies in formulating aggregate picture of the economy. The

Ministry of Planning estimates the National Income, the total value of production by commodity group and major and strategic commodities production requirement, simplified schedule of the commodity flows, national accounts, input-output data, etc..

B.1. (c) Analysis of Past Trends and Current Problems

The detailed sectoral analysis is done in the individual departments and ministries, and the aggregate analysis is carried out in the Ministry of Planning and to a certain degree in the Ministries of Treasury and of Economy.

This does not mean that the sectoral analysis of past trends and current problems are done only in the separate ministries concerned. It is done also by the specialized research units of the Ministry of Planning.

Whenever a problem that involves more than one economic or social activity has to be studied, joint committees are formed between these ministries or departments or organizations concerned to study the problem and propose recommendations for solution. These recommendations go through the specialized ministerial committees whenever requires for approval.

B.1. (d) Appraisal of Progress and Problems under past plans, level of development and living standards reached in period of execution of part plans.

As it was stated earlier, sectorial responsibilities are entrusted to the ministries. Every ministry supervises sectorial execution of the plan, produces a quarterly

follow-up report including accomplishments, shortcomings and obstacles in execution of investment targets, in production, employment, incomes and other relevant aspects of operation. For example, in the agricultural sector, where the private sector is predominant it is the responsibility of the Ministry of Agriculture to supervise and evaluate progress. Yet there are the Ministry of Agrarian Reform and Land Reclamation, and six Agricultural and Land Development and Reclamation organizations, which are active in the field of land reclamation and in supervision of land reform and reclamation programmes in the country and they report about activities and trends in that field.

The Ministry of Industry is responsible for plan proposals and for development in the industrial sector, including mining and manufacturing both. The Ministry of Communication is responsible for all the transport and communication activities in the Republic. The Ministry of Supply is responsible for administering the procurement and distribution of strategic consumer's goods which affect the living standard of the population and also some selected producers raw materials for the small business enterprises.

The Ministry of Planning appraises the development of the national economy on both aggregate and sectorial levels.

B.2. Means of Assessing Potentialities for Economic Development. Projection of Domestic Output as a means of drawing up a consistant programme of Growth Potentialities in the Various Sectors of the Economy.

Aside from the daily work of the ministries , specialized departments, agencies, councils, organizations, etc.. are engaged in research and studies which are carried out by them independently and jointly to assess problems and potentialities for economic development.

The preparation for long and medium term plans and their components of annual plans started long before the first annual plan for the fiscal year 1960/61 was adopted. Preparatory work for preparation and formulation of the economic and social plan for development started in 1956 and reached its climax in 1958 when 64 subcommittees were formed under six main sectorial committees to study, assess potentialities and recommend programmes and specific lines of action in all economic and social activities. The committees were composed of specialized and expert officials from the departments of government, professors of the Universities, bankers, representatives of the Federation of Industries and of enterprises, chambers of commerce, labor unions, and men of experience of the private sector.

These committees included more than five hundred members of the highest caliber in the State. Naming some committees would indicate the wide range and scope of fields of study; there was the Committee for the High Dam as well as Committee

for Savings in the unorganized private sector, there were 15 Committees for the industrial sector and the sixteenth committee to study all the problems related to industrial training, another committee for scientific research and scientific missions. A special committee for population and manpower that dealt with the problems of population and manpower projections, and together with the committee for industrial training, and others for industrial, agricultural, transport and communication, construction, etc., subcommittees were active in studies of population projection and the supply of and demand for manpower by skills, etc.

These six committees and 64 subcommittees did not operate in a vacuum, all governmental departments and agencies, all the private businesses, social and labor institutions, as well as private individuals were helping and participating in the work of these committees and subcommittees, compiling information and data, collection of past studies, commenting on the sub-committees draft-reports ending with the final reports of the sectoral committees. These reports were studied by the Ministry of Planning (The Planning Commission then) as well as by all the Ministries responsible for sectoral planning. The end result was 44 main sectoral reports from the ministries concerned.

B.3. Consideration of Broad Economic and Social Objectives in Formulation of Plan.

B.3.(a) The rate of growth of gross national product, investment, consumption, etc. .

The economic objective of the ten years plan in the United Arab Republic is to double the national income in

real terms. In estimating the national income - by the value added method - it was estimated that the total production of goods and services in economic and social activities would increase by 95 per cent in 1969/70 over the base year 1956/60.

It should be mentioned that estimates for investments during the first five years period were done on the basis of projects and programmes presented by the various ministries and organizations. However, proposed investments for the second period, on the other hand, indicate only possible trends for expected developments in the light of the mass of information available for the first period. These estimates for the second five years, however, may be subject to modifications and revisions which may then affect the estimates of production and accordingly of employment.

The experience gained in making the first five year plan and of the annual plans by all ministries and organizations as well as in their experience obtained in execution of annual plans, and from follow-up operations will undoubtedly assist in the improvement of future investment estimates and in future plan formulation. Such experiences are already been drawn upon by all departments in the preparation of the detailed plan for the second five-years period (1965/66 to 1969/70)

As incorporated in the plan the investment estimate has been based upon the capital requirements for doubling the national income in ten years.

In the developing countries, the masses of the people do not enjoy a high standard of living, hence the doctrine of the reduction of consumption in favor of increased savings for

investment could not be applied to the masses, whose standard of living could not be reduced below what it is. On the contrary, the process of economic development which involves higher rates of investment and production, resulting in more employment through mobilization and migration of rural labor into industrial activities and into urban centres would necessitate definite intended increases in consumption. The consumption increment of the masses could not be levelled by decreasing the rates and levels of consumption of those who already enjoy a relatively much higher level of living. Accordingly net increases in total consumption has to be allowed for, if the rates of development prescribed by the plan are to be fulfilled.

B.3.(b) The absorption of surplus labor.

In the United Arab Republic the plan recognizes the problem of the under-employment and labor surpluses in existence. Aside from the increase in employment needed for execution of intended investment and of increased production in the organized business sector, the plan also provides for investment in the nonorganized business sector with the accent on small enterprises and especially in the development of rural areas.

Cooperative Organizations for farmers and for development of Small Industries are entrusted with the channelling of investment in the rural areas to improve farm production and to establish small industries - cottage industries - that take advantage of the existing local skills, local raw materials, and part of local finances which could not be nationally mobilized. In

the meantime, such organizations help in modernizing production methods and help in marketing the increased output domestically and through exports.

The purpose behind such a policy is to provide better methods and outlets to increase production particularly of those who are partially occupied in the rural area, and increase their incomes through supplementary or complementary employment. A National Cooperative to develop cottage industries and help the absorption of some of the surplus labor for small industries was established as wage earners in these developing village industries.

B.3.(c) The elimination of subsistence sectors.

The United Arab Republic economy is a money and an exchange economy. The concept of subsistence sector means in the United Arab Republic those groups of producers whose income levels are rather very low. The economic policies of the United Arab Republic, as reflected in the documents of the annual plans, the annual budgets and the State laws, are oriented to increase production and incomes of all producing units and of those employed in various economic pursuits whether in agriculture, crafts, industries or trade.

Measures are implemented to organize small producers into cooperative organizations in agriculture, crafts and village industries to promote the production and incomes of small holdings of land and small business enterprises, thus linking them more to the markets and raise their standard of performance and incomes. Credit facilities of the Agricultural and Cooperative Credit Bank is another measure directed

towards the increase of production and income in the agricultural sector.

Small industrial businesses in the urban centres as well as in the rural areas are encouraged to reorganize on a cooperative lines to take advantage of the economies of size. The Organization of Cooperative Production and Small Businesses, which is a public organization, helps small businesses through financing, modernization of their production methods, and in marketing their produce locally and for export. The Industrial Bank provides loans at a low interest rate to small businesses only.

Small distributive units as well as small servicing units are encouraged to reorganize themselves on a cooperative basis in an effort to raise their productivity and their incomes.

B.3.(d) Improvement in the conditions of labor

The United Arab Republic in its efforts for economic and social development drives at the improvement in the conditions of labor. Various measures are enacted and enforced for the improvement of labor conditions. These measures include: The 7-hours day work, the 25 percent labor share of the distributed profits law, the minimum wage rates law, the social security measures, the low-cost housing projects for labor, the free lunches for labor in some branches of industries, the tendency of industries to give subsidized meals to their labor during the working days, etc..

In addition labor is represented on the boards of directors of all corporated business by two elected members among labor and employees by a secret ballot. Such a reform has changed the status and attitudes of labor from being an opposing pole against management to being a part of the management, responsible for the realization of the targets of the plan.

B.3.(e) Improvement in education and training

Industrialization, mechanization and industrialization of agriculture, the expanded activities in all economic spheres, and the increase in social services, necessitate the increase and availability of trained personnel in the proper time and in sufficient numbers and of certain level of training and experience.

Education system, training centres, scientific and applied missions abroad, are all geared to supply the country with the needed skills and specializations required for economic development according to the time schedule laid down to them.

Imported experience helps to bridge the gap of nonexistence of local counterparts, to provide experience at all levels and train the local staff and personnel.

B.3.(f) Improvement in health and nutrition.

Building general and specialized clinics and hospitals, establishing hundreds of rural centres for health services, founding mobile units to cover the country side according to schedules or according to emergencies, would give the country more and increased free health services.

Drugs and medicines are sold almost at cost in the country regardless if they were manufactured locally or imported.

Fresh water is available in all the country, for rural as well as urban centres.

All primary schools offer a free lunch to their students. The nutrition unit in the National Research Centre publish all its findings. The professors of home economics institutions publicize on the radio and newspapers improved ways and means for nutritions and cookings. All these efforts, coupled with increased production of food stuffes and increase of income level lead to improvement in nutrition quantom and patterns.

B.3.(g) Improvement in housing conditions and social amenities.

Improvement in housing conditions, and according to the economic and social development plans in the United Arab Republic, tackles the problems on so many different levels. In the rural areas, where land was distributed - and this amounted to almost one seventh of the total land area, new houses of bricks for farmers were built on the farms to replace the mud-houses in which they used to dwell. It is the same with the newly reclaimed land.

In the rest of the rural centres as well as in the cities low-cost housing projects with low rents, are financed by the Central and Local Governments, as well as on cooperative basis.

Slum areas in the cities are being demolished and replaced by economic apartment houses and by medium quality houses. The construction of villas and luxurious apartment houses has been restricted by law, in favour of expanding the first two types.

Housing Cooperative Societies have been encouraged in the country - by means of credit facilities at a very low interest rate and through the acquisition of low-priced public land - to build apartment houses to be occupied and owned (the apartments) by the members.

Social amenities, social security measures, and pension schemes in the United Arab Republic cover labor and employees in both public and private sectors (with the temporary exception of agriculture and domestics). They aim at providing a specific standard of living during the periods of compulsory unemployment, or work injuries, or during the period of retirement, or after their deaths to their descendents, according to specific regulations that govern the social amenities system.

The philosophy behind such a system is to create a healthy and secured environment for all labor to participate fully in the efforts of economic and social development with guaranteed securities.

B.3. (h) Improvement in income distribution

Distribution of income in the United Arab Republic before 1952 was in favor of few families who kept a tight hold on wealth as well as on major economic decisions at large. Less than 3 percent of the land owners, constituting few thousand individuals, owned more than one third of the total agricultural

land. Almost the same number of individuals and families owned or controlled the largest share of corporated businesses in the country in industry, transport and trade. The Agrarian Reform Act in 1952 limited the land holding of any one family, fixed also the maximum ceiling for rental payment in agriculture and minimum wages for farm workers, thus producing substantial improvement in the distribution of farm income on a wider range of agricultural population.

Minimum Wage-laws coupled with more employment opportunities in industry and other economic activities, as well as profit-sharing laws for workers, paved the way for improvement in income distribution in favour of workers.

Measures to break in private monopolistic enterprises in manufacturing and trade limited the value of shares holdings by any one individual to 10,000 Egyptian Pounds in some 159 corporations specified by law in 1961. Certain reforms of the income tax structure, including increased rates of taxation on high incomes, etc., all show a definite and consistent pattern of action towards income redistribution that aspires to check the unjustifiable way of income and wealth distribution.

B.3.(1) Promotion of industrial development

As it has been stated earlier, the promotion proper of industrial development within the private sector rests on both the initiative of individuals and organizations within that sector, and also upon the policies as well as direct and indirect, measures the government undertakes to encourage the

private sector. A number of measures has been taken to encourage private business to invest in desired industries and to increase the production in chosen industries in existence, through tax exemptions, credit facilities and grants of subsidies whenever the case so compells.

Through systems of control including licensing and permits of all sorts the private sector is guided to invest or participate in specific lines of economic activities pertaining to industrial development. The Government chartered industrial programming for development of manufacture and mining as well as allied productive services and invited the participation of private industrialists of the course of its preparation and execution. Training in industrial skills has been made a public concern and the government has been devoting substantial efforts and needed funds for such training to promote industrial growth. Programmes and projects to expand energy resources, power plants, transport facilities, etc.. are been coordinated to further development of industries,

Restrictions of import substitutes to protect internal market for locally produced manufactures and priorities for imports of industrial raw materials and machinery with customs duties exemptions also have helped in promoting local industries to grow.

B.3. (j) External equilibrium; reduction of dependence on foreign aid.

Foreign aid takes many forms. The value and amount of aid for any one country and over a long period of time might appear

to be of a sizable magnitude, yet it constituted in any single year only a small part of the total annual investment of the country.

The dependence of any country wholly on foreign aid for economic development purposes as a concept for développement could not be accepted by either the developing or by the giving country. In such a case of complete dependence, the developing country would have to expect and bear the risk of adherence to decisions that are taken in capitals other than its own.

Foreign aid, while it might meet some of the local demands, releases some foreign exchange earnings of the country for more developmental purposes, thus would help in the efforts of economic development especially when it is of a large magnitude and its annual flow could be guaranteed for sometime.

A country seeking medium or long-term development has to work out its programming with careful consideration to mobilizing domestic resources to a maximum and to strike a balance between foreign exchange availabilities from trade and aid, and its programme content of foreign and local resources. The more a country produces for exports as well as to reduce imports through local production on economic basis, the more likely it would be able to reduce foreign exchange shortages and command better position to get foreign loans.

B.4. Establishment of Specific Targets in the Light of Assessment of the Potentialities for Economic Development and Consideration of the Broad Economic and Social Objectives.

B.4.(a) Capital requirement for the acceleration of economic growth, including requirements for both fixed and working capital and taking into account the scope of choice of alternative techniques.

As it was referred to earlier, investment requirements for the acceleration of economic growth for both fixed and working capital has been estimated, for the long-term ten year plan, on the basis of the detailed five year plan which was worked out in an integrated and coordinated frame based on the technical and economic analysis, studies, and research of a project by project and sector by sector. All this preparatory work was done in the specialized agencies which are responsible for the choice of the alternative techniques.

Capital requirements were estimated for every project, and was estimated for fixed assets as well as operating needs. The component of foreign resources needed for both the investment period and in the productive process also were estimated.

The calculations of capital requirements for both fixed and working capital also included investments replacement purposes. The investment requirements were also broken-down into four main categories (five categories in case of the

agricultural sector), namely, land, construction, machinery and equipments, including transport and communication means. In the agricultural sector livestock for breeding was added. Each of these five categories was broken down into foreign and locally recruited requirements of investment. The value of land, while it was recognized as an investment component in individual project and to the sector, yet it was considered as a transfer payment on the aggregated national level.

These calculations on a project-by-project basis in the different economic and social activities were guided by a pre-worked out economic models. They were also based on such data or coefficients and other relevant information. Economic models took into account the projected population increase, the past and the intended rates of economic growth and development requirements for capital and labor by sector, and for the economy as whole. Input-output flows and commodity balances as well as capital/output ratios by economic activity, and the time lag between investment and production has been considered in calculations.

The economic models calculations and estimates did not coincide - of course - with the project by project and sector by sector estimates; however, the economic models helped as a useful guide for aggregated trends.

B. 4.(b) Investment requirements in human resources

The calculations of investment requirements in the development of social services took into account two facts: firstly, investment requirement for education and skilling of human

resources needed to satisfy the increasing demands of development for manpower of various human skills and specializations. Secondly, they included investment required to raise the social welfare of the population at large by investment in social services. Hence, the investment plan included funds, providing for compulsory primary education facilities to accommodate all children in the age groups of 6-15 years to be implemented over a specific period of time. This plan involved the number of classes and schools, material requirements for construction and furnishing the schools, and for teaching, volume of personnel and specialization, etc.. For other levels of education, similar calculations were carried out from the secondary to the university levels, including also technical education requirements. All these calculations were done in quantitative, qualitative and value terms, and on the basis of dealing with the whole of education structure. Thus an integrated plan for education and training was proposed.

The same was followed in programming for health services sector. In addition to planning for the expansion of family and child welfare, programmes were formulated for improvement of operations in existing hospitals and clinics and construction and equipment of additional ones. Other curative and preventive medical and health requirements had been taken into consideration, all resulting in integrated programmes for the control and eradication of disease, i.e. malaria and berhartzia, and were incorporated in the health plan.

Similar pattern of investigation was carried out in planning for the development of other social and welfare activities related to the building up of the human resources.

These coordinated and integrated programmes of social development had been laid down with careful consideration to bring about an appropriate balanced development in the commodity producing sectors and in the social welfare sectors and with an eye on the distribution of available resources to develop both.

B.4.(c) Foreign exchange requirements, including foreign loan or grant capital.

National investment requirements were estimated for development in quantitative and in value terms. Production targets and their material inputs from domestic and foreign sources were estimated by main groups of commodities. The consumption level was estimated on the same pattern. Export surpluses were calculated; requirements from imports for investment, consumption, and domestic production were also established. Thus the magnitude of the foreign exchange requirements and of foreign exchange earnings of the country were estimated. The foreign exchange gap between the requirements and earnings indicated the size of foreign exchange to be acquired in the form of loans and grants if the rate of growth intended in the plan for economic and social development would materialize.

B.4.(d) Personal consumption objectives

The final objective of the plan in the United Arab Republic is to improve the standard of consumption of individuals in the country.

The setting up of personal consumption objectives took into consideration the intended increases in national production and incomes, and the setting aside of necessary savings for intended investments to materialize. With the production targets and increases in domestic production by 9 percent annually it is projected that total consumption would increase by about 3.5 to 4.0 percent annually in the first five-years and could be increased to about 6.0 percent in the second five-years, thus leaving adequate resources available for increasing individual consumption and aggregate national savings to carry out investment requirements and pay foreign obligations resulting from foreign credits and loans.

Personal consumption objectives took into account the increase in the number of the population, the effect of the increases in and the redistribution effect of national income on the levels of personal income and their consequential changes of the consumption patterns of the individuals and the society.

The family budget studies and surveys in the United Arab Republic helped in the formulation of personal consumption patterns and objectives to increase individual consumption which took into consideration production and employment targets, income increases and effect of redistribution on both consumption and

savings to reach the rates of growth prescribed in the plan. Consumption patterns and objectives by sectors and by income groups, took into consideration the availability of goods and services prescribed in the plan and were based on commodity and services balances, resources and uses tables, as well as available rough data on the distribution of income and elasticities of demand.

B.4(e) Accommodation of objectives for achievement of mutual consistency in the light of general economic and social goals.

The general economic and social goals constituted, from the start, qualitative general directives, all geared to one specific goal, namely to double the real national income in ten years, and to effect its redistribution in favour of accelerating economic growth and increasing social welfare. All calculations aimed at the fulfillment of that specific target in plan formulation and in checking out inconsistent, and in maintaining the overall consistency of the plan and its target components of investment, employment, output income distribution and utilization of income for consumption and savings.

The formulation of the plan, and the building up of its integrated components on a national basis has been helped by available national accounting system which indicated where specific lines of action would be needed to correct imbalances and maintain consistency in the overall plan and its integral parts.

The general economic and social goals were defined but not rigidly specified - once and for all - at the time of the formulation of the plan. They do also, are subject to a continuous process of assessment, evaluation and adjustment throughout the period of execution and in light of the realized accomplishments year after year. However, in the preparation of yearly plans and revision of longer-term ones, the objective is set to strike a balance between the growth of national income from the commodity producing sectors and the expansion of social and welfare services, based on the availability of resources and their utilization. Meanwhile, the objectives of income generation and redistribution is welded together with objectives of increases savings and increases to be allowed for consumption.

B.5. Establishment of Inter and Intra-Sectoral Balance.

Sectorial requirements and targets were not calculated separately, but with consideration for inter-industrial relations, complementarity and the inter-dependency between sectors, in the preparation of the overall plan. The overall plan in the United Arab Republic is not just a plan for new investments, it encompasses targets and requirements to raise and improve production from existing capacities also. Each sector is been considered as a producing and a consuming sector, as a receiving and a contributing sector whose development affects directly the development of all other sectors. Attention has been paid not only to inter-industrial relations in agriculture, industry,

power and transport, etc.. but also between these and social services and also the inter-relationships between income , consumption, savings and investments with their domestic and foreign components at large.

B.5. (a) Allocation of Available Resources among Sectors.

B.5. (a) (i) Allocation of manpower; total and skilled workers.

The United Arab Republic - at the present time - is relatively over populated. The surplus agricultural laborers - who are considered skilled in their sector - form the primary unskilled labor reservoir, which through training and skilling could meet the demands of the developing industrial capacities.

This does not mean that agricultural labor alone feed the new industries. Skilled labor in existing industries move to the new ones, thus providing for better allocation for labor from over-staffed into other lines of created industries. Furthermore, the change and improvement of technology in existing industries and on new ones, especially those offering higher wage-payments for labor induce better mobilization of industrial labor and provide incentives for more supply of skilled workers for industry.

The time lag between taking a decision to construct a new plant and the subsequent period needed for its operation provides management with enough time for labour training and recruiting purposes.

The demand for skilled labor is furnished by on the job training , in service training, the training centres, industrial schools, and by sending hundreds of workers on practical missions abroad. All these measures for training, in addition to measures for re-education help in providing existing, as well as new industries, with the bulk of needed skilled labor. In addition, skilled workers from various European countries are been recruited in the initial period of operating and construction of certain new industries, such as some metallic and chemical industries.

This does not mean that there is no manpower problem. Certain problems exist in consequence of adjustment periods needed to gear training and educational facilities to produce various specializations and skills needed. Priorities and allocation measures are used to employ graduates of the Faculties of engineering and distribute their supplies among industries and administrative units of government by a ministerial committee which surveys and studies their availability for distribution in face of the demand for engineers year after year.

B.5.(a) (ii) Allocation of raw materials and key commodities.

B.5.(a) (iii) Allocation of capital goods.

Working out of the plan involves priorities and allocation of raw materials of key commodities and capital goods between the different branches of the economic and social activities. The detailed forms and schedules of the plan

specify the flow of commodities between the producing units and consuming units internally and from abroad. The reorganization of the economic structure into Industrial and Trade Organizations was effected to carry out better planning coordination and supervision of activities of the companies and enterprises in various fields of production and distribution, thus providing smooth inflow and outflow of commodities between the producing units and their market channels internally and abroad.

B.5.(b) Intra-Sectoral Balance.

As previously stated, the inter as well intra-sectoral balances are worked out by the help of commodity flow and input-output tables. They are achieved through the division for execution of the plan into annual programmes and through the implementation of such measures as licencing and allocation of available supplies from domestic production and from imports on annual and quarterly basis.

B.5.(c) Public sector programming in relation to sectoral balance.

As previously repeated, programming for the Public Sector in the United Arab Republic national plan has been an integral part of the total national plan for both public as well as the private sectors. Public sector activities - according to the national plan - are to supplement private sectoral activities,

to achieve intended goals. Thus, Public Sector programming is integrated with the private; and the national State Budget is used as an effective instrument in both planning and financing execution, also effecting balanced sectoral growth.

B.6. Mobilization of financial resources:

B.6.(a) Achievement of dynamic balance between saving and investment.

B.6.(a)(i) Government and Institutional Savings.

State and Provincial annual budgets are closely prepared to be the main financial instrument for planning and execution. The Government budget has in the last few years, been brought closer to become a performance budget. Public revenues and expenditures are prepared for public enterprises and general administration according to the plan. These Estimates for revenues and expenditures point out where the financial surplus or deficit exist. The financial mobilization of surpluses to meet deficits within the public sector both in administrative units and between public enterprises is been done through the treasury and the banking system.

B.6.(a)(ii) Enterprise Saving

The law regulates the manner in which profits of an enterprise are to be divided between distribution shares and retained profits. Attention is focused on increasing the volume of retained profits of corporations, in both private and public sectors and to encourage their mobilization for financing sectorial and over all plans. In fact public and private incorporated enterprises form the largest single source of savings for financing development in the United Arab Republic.

The way in which profits are to be distributed is prescribed by law, which also restricts the annual increases in distributed profits to an increment not exceeding 10 percent of the volume distributed in a year before, for any enterprise, regardless the volume of profits which it attains. Five percent of these profits is to be used for purchasing government bonds. Fifteen percent of the remaining distributed profits are earmarked to finance welfare programmes for labour and social investment at large; another ten percent of distributed profits is paid to employees in cash according to the profit-sharing scheme, and the balance is distributed among share-holders in the enterprise.

B.6. (a) (iii) Personal Savings

Although institutional and enterprise savings constitute the principal sources of finance, personal savings are encouraged in two different ways. Compulsory savings has been established for various types of employees and workers through the enforcement of social security and social amenities schemes. On the other hand saving campaigns are conducted to further private personal savings. Private ownership of new dwellings erected through the planned housing-programmes and of agricultural land newly reclaimed and distributed to farmers, with payment on 30 years instalments, induces new owners to save out of their increasing income.

The government also induces higher personal savings through higher interest rates, the acceptance of commercial banks of small saving deposits, the expansion of number of banks and saving agencies and postal saving offices in all the country,

and the simplification of banking saving regulations etc... , all these measures help in increasing personal savings on voluntary basis.

The Insurance business through their campaigns for personal and group insurances encourage voluntary savings too.

All these personal savings are mobilized to finance the plan targets.

B.6.(b) Mobilization of external financial resources;
role of external resources in the plan and
establishment of conditions for the partici-
pation of foreign capital.

The problem of mobilization of external financial resources stems from the need for more foreign exchange than those earned through export.

The Charter of the United Arab Republic has spelled out the Republic's outlook towards this problem . The Charter states, that:

Foreign capital and its role in local investment is a question we could deal with at this stage.

Foreign capital is regarded with dark doubts in under-developed countries particularly those which were colonised.

The sovereignty of the people over their land and their restoration of the helm, allow then to set the conditions under which foreign capital may be invested in the country.

The matter calls for the setting up of a system of priority drawn from the essence of the national experience. It also takes into account the nature of world capital always striving after unexploited raw materials in areas not yet ready for any economic or social revival, where it could obtain highest share of profit.

In the first place, in the process of national evolution, all foreign aid with no strings attached, is accepted to help attain the national objectives. The aid is accepted with sincere gratitude for those who offer it regardless of the colour of their flags.

In the second place, in the process of national evolution all unconditional loans are accepted provided they could be refunded without difficulty or strain. Experience shows that loans are a clear operation; their problem completely ends with their amortisation and the reimbursement of their interests.

In the third place, in the process of national evolution, the participation of foreign capital as an investment is accepted in indisposeable operations, especially those requiring new experience, difficult to find in the national domain.

Acceptance of foreign investment implies that a foreigner would participate in the administration. It also implies a share of the annual profits would be transferred to the investors indefinitely. This matter should not be left without limitation.

First priority goes to unconditional aid.

The second place is reserved to unconditional loans.

Therefore follows the acceptance of foreign investment in unavoidable circumstances, in aspects of modern evolution requiring international experience.

B. 7. Planning Procedures:

B. 7. (a) Organization of information and system
checks required for effective planning,
organization of the flow of statistics
direct checks and controls by government
bodies.

In addition to the Department of Statistics - which is a branch of the Ministry of Planning in the United Arab Republic - every Ministry has its own bureau or office of statistics. In every sizable corporation or company there is a statistical office.

All establishments in the United Arab Republic are responsible by law to fill in the statistical forms required from them in the time prescribed. The same information from the same

reporting units is required by law to be furnished to different government departments and agencies. The same information might be reported differently though pending the legal regulation.

For example, wages are reported to the Department of Statistics according to the classifications prescribed in the statistical forms. Wages also are reported to the Ministry of Labor by the same units, to the Taxation Department in their tax reports, to the Companies Department of the Ministry of Economy in the producing units financial statements, etc. Aside from the inter checks found in the design of the statistical forms themselves, The Audit Department checks and audits all the financial dealings of every administrative agency as well as business corporation in the Public Sector.

The Department of Statistics, as well as some specific agencies in other Ministries have by law the right to audit the accounting of any business company or firm to check the data reported with those on the business books.

In addition to all this, all government agencies are required by law to report to the Ministry of the Treasury their financial positions, their itemized revenues and expenditures monthly in a standard form.

The Central Committee for Statistics coordinates between the agencies collecting statistics according to the statistical data requirements and needs of those agencies, public and private, which are described as statistical data users. The Central Committee also approves the statistical forms and schedules and coordinates between them.

B.7. (b) Means of building up the national plan as a coherent synthesis of central, regional, local and enterprise plans.

In 1958, six principal committees were formed in the United Arab Republic with more than sixty sub-committees known as the Joint Committees for Planning. They included government officials, businessmen, specialists and experts as well as experts of the National Planning Commission. These Committees included more than five hundred members of the highest calibre in the State. Meetings of these Committees continued for about five months beginning from January - till May 1958. They undertook detailed studies of the financial resources within the United Arab Republic together with resource potentials and project proposals, that can be included in programming for the first five years. They assessed the capital and labour requirements for such development proposals, along with estimated production and income generation as well as other effects on the national economy, etc.

When preliminary results of investigations by these committees were completed, they were submitted to the President who discussed them with the State Ministers in the Higher Council for Planning. During these meetings, the over all target of development was decided upon namely, to double the real national income over ten years.

The President issued an order requiring the ministries, each within his own jurisdiction to study the possibilities of development in his sector and the projects (both in the private and public) which they propose and recommend for execution, and

to submit to the National Planning Commission, their proposed programmes for sectoral development in the five years 1960-1965.

In the meantime, the Planning Commission had prepared the tentative general frame of the Plan, and prepared detailed assesment of how the economy operated and the fundamental studies, needed to fulfill main objectives, decided upon by the Higher Council for Planning.

A general survey was drawn to indicate the historic development of the economy in past years and a detailed account was made for more recent years up to 1958/59. From these surveys it was possible to draw a clear picture of social and economic requirements.

Various ministries worked out a survey of the Country's existing capacities and their level of utilization, such surveys also included prediction of the country's future potentialities, as well as measurement of the extent of the ability to utilize the economic resources, be it natural or/and human, and technical wealth of the country. Each ministry submitted also its proposals for development on sectorial basis.

The plan drawing started by a long-term projection, in the form of an aggregate model, with alternative models, aiming at a coordinated picture and proper timing, but with different levels of resource requirement and different rates of growth. The Higher Council for Planning approved the general frame and a detailed plan was prepared for the five years. The first 5-years plan was studied by various ministries and resulted in a revised form which was then adopted. A more detailed plan was worked out. According to this first year plan, the Government budget was to be prepared.

The Ministerial Committee for Planning was formed, and in conjunction with the Ministerial Committee for Economic Affairs, reviewed and revised the first draft of the plan which was prepared by the Planning Commission. This plan was based upon recommendations and programmes proposed by all Ministries which drew upon the technical skills and experiences of their agencies, public organizations and private corporations active in each sector.

Hence, the preparation of the Plan entailed the combined efforts of all government and public departments. Each Ministry undertook to study the development projects and the general pattern of trends in its sector of specialization. The study comprised project proposals to be executed by the Ministries, by Public Organizations, and by the Private sector. A spirit of close cooperation has prevailed all along between the National Planning Commission, the various Ministries, Public, and Private organizations. Above all, there existed the common wish to realize the objectives and to prepare the National Plan in the best possible manner and within the time fixed for it.

The function of the Planning Commission was the collection of data, and analytical studies. Every Ministry was concerned with the technical and economic aspects of its projects and programmes; ranging from the estimation of cost, expenditures, number of labourers required, the volume of production from each project, technical requirements for such production according to the time schedules and the choice of production techniques, etc.. These data were provided by the Ministries who would undertake the execution of the projects, after the ratification of the plan.

Thus the proposed Plan was not laid down by a few experts, it is rather the fruit of concerted efforts and cooperation on the part of the technical departments in all the Ministries as well as public and private organizations.

These, were the steps followed since the government decided to start the formulation of its first national plans, for the five years 1960-1965. These steps comprised various aspects, long technical preparation, collection of data and statistics, study of projects, preparation of programmes and proposals, committee meetings and conferences, issuing of directives by the Higher Council of Planning, .. etc.

B.7.(c) Means of achieving in practice the modifications in other plans implied in the adoption of a national plan.

Some practical illustrations would clarify how the modifications in some sectoral plans were implied in the adoption of the national plan.

The Ministry of Agriculture after working out its programme for the agricultural sector, and calculated the annual fertilizers requirements over a period of years, sent these estimates to the Ministry of Industry which was already studying and formulating its proposal for the industrial programme. A further study of the industrial plan to cope with the agricultural requirements has necessitated the change of the size and timing of the fertilizer production in the plan. This in itself has resulted in modifying the industrial plan.

The location of industrial sights, and of the land to be reclaimed, have resulted in the modification of the transportation and communication plans, and in the case of land reclamation, the irrigation and drainage plan was altered in size and in timing to cope with the land reclamation programme. Electric power development had been also modified, in volume, location and timing to meet the requirements of industry, agriculture and other consumer sectors.

These modifications and many others had been always worked out by inter-ministerial committees.

B.7. (d) Operational form of the national plan
and its legislative and executive content.

The final draft of the national plan, when agreed upon in the joint meeting of the Ministerial Committee for Planning and the Ministerial Committee for Economic Affairs was discussed by the President in the Council of Ministers, and approved.

Before the ratification of the plan, it was presented to the annual Conference for National Union for further discussions.

Upon the approval of the Conference of the National Union which represented a cross-section delegation of the population, the President of the Republic issued a decree for the ratification and adoption of the plan. Other Presidential decrees were also issued to regulate the execution of the plan; the jurisdiction of the Ministry of Planning was instituted in

following up the execution of the plan, and the types of the follow-up reports and methods and content of reporting were established.

The Presidential Decrees spelled out in detail the executive responsibilities as well as the follow-up procedures of every ministry, department, and public organizations on both the national and local levels and their relationships with the private sector, and with the Ministry of Planning.

B.7.(e) Relationship between annual plans and annual budgets.

Since the beginning of the planning era in the United Arab Republic, the annual budget has been prepared on the current and development expenditures side as well as on the revenue side to represent the Public Sector Plan which is an integral part of the overall plan of the Republic.

The annual budget is also considered one of the main financial instrument of planning and an effective tool in execution and administration of the National Plan. For the budget, aside from being the financial counterpart of the public sector plan, affects all the economic and social activities of the economy through the policies and ends inherent in the budget and as translated in both the revenue and expenditure sides.

B.7.(f) Procedures for project formulation and evaluation.

Project formulation and examination is a continuous endeavour. Suggestions and proposals of projects could come

from any official or government administration as well as from business or individuals in the private and public sectors. However, such proposed project - even if they started as simple ideas - are to be studied in the government departments or the Ministry concerned. Normally, project proposals by department of government and business enterprises are quite linked with resources available and to present state of knowledge about resource - potentialities and based on resource assessments. Some of the proposals were, however, in the form of specific or general ideas. The study of these ideas, wherever they prove their soundness, usually lead to a more detailed examination. If enough public support is rallied behind an idea the specialized departments concerned, are required to study and examine it, and has to report publicly on its own findings.

Under all circumstances, development proposals would find their way into series of technical and financial studies and undergo serious examination.

Economic and technical tests are applied to proposed project which would include estimations of investments costs, production costs, prices, raw materials availabilities and sources, intended capacities, etc., in the light of alternative production techniques, and the availability of resources on one hand, and the direct and indirect effect on the other hand. Forward and backward interrelation of the project to other development undertakings and its effect on the economic structure is examined. In many cases foreign experts are consulted. The project in that stage would be qualified to be included by the Ministry concerned in its sectorial programme proposals which can be submitted to the Ministry of Planning during the period of plan formation.

An industrial project, as an example, goes through various study stages from the private or public company, to the public organization, to the Advisory Council of the Ministry, headed by the Minister and whose members are the heads of various public organizations, supervising branches of activities within that sector, and then it can be incorporated in the development proposals of the Ministry responsible for the sector.

B.8. Formulation of annual plans and their adjustment to short-term changes in the economy.

The first annual plan, as mentioned before, witnessed the beginning of the planned economic and social development on a national scale. The formulation of second annual plan took into consideration, accomplishments and short-comings in the execution of the first annual plan and endeavoured to bring about in the second year development undertakings a continuous motion for achieving the goals prescribed in the five year plan. Some sectors have achieved more than what have been expected from them on one hand, while other did not accomplish their targets in full. Unfinished tasks and goals in the first year, had been incorporated for completion in the second annual plan and projects to be added in second year were those which would bring about balanced and accelerated growth. Thus, the detailed second annual plan, as approved for execution, differed in some respects from that preliminary draft which was visualized to be the second-year's stage. Nevertheless, the plan for second year was still a revised stage

of execution of the five years plan, It included adjustments to meet foreign exchange situation, strengthened abilities of organizations for execution and of needs to complete unfinished tasks which were started in the first year, etc.. .

C. IMPLEMENTATION OF THE PLAN:

POLICY AND ORGANIZATION.

C.1. Organization and Operation of the
Planning System.

C.1.(a) Charter, location, responsibility and
internal organization of the Central
Planning Agency.

The Central Planning Agency in the United Arab Republic as to date is the Ministry of Planning. The Minister of Planning is entrusted according to the Presidential Decree No.1329/1960 (The Formulation of the State General Plan and the follow-up of its execution) with the following responsibilities:

ART. I. The formulation of the Proposed Plan for the economic and social development of the country, the follow-up of its execution, and the evaluation of its success in realising the target prescribed.

Accordingly, the Minister of Planning is empowered to demand various technical, economic, legal, and administrative studies, and to obtain statistical data, and other information needed for the formulation of the long-term as well as annual plans and for the purpose of evaluation and follow-up of the plan execution.

ART.2. A Committee for planning and follow-up had to be formed in every Ministry, Public Organization, etc., and to be headed by the Minister or by the Head of the Organization, with a representative of the Ministry of Planning attending the Committee's meetings. The Committee is entrusted with the responsibility of formulating the sectorial five years and annual plans of the Ministry or of the Organization. Such Committee is also responsible for the preparation of the follow-up and progress reports, and submit them to the Ministry of Planning periodically for evaluation.

ART.5. All Ministries, Departments, and Public Organizations, when formulating the proposed sectorial long-term and annual programmes of development have to take into account the activities of the private sector in the sector and its resources as well as requirements into consideration.

ART.9. Ministries, Departments, and Public Organizations have to have registration schedules and forms for recording the information, data, and estimates, concerning the projects, targets, etc. needed for the formulation, follow-up, evaluation, of the economic and social development plan. Such schedules and forms are subject to the approval of the Minister of National Planning.

The Presidential Decree, the high-lights of which are summarized above, spells out in detail the responsibility of the Minister of Planning (The Ministry of Planning), and other agencies, in the formulation of the plan.

In addition, other Presidential Decrees and Ministerial regulations have been operative to govern, coordinate, and regulate the planning procedures, from the enterprise level to the National level.

THE ORGANIZATION

A.- The Ministry of Planning

The Ministry of Planning is divided into - as of November 1962 - four divisions, twenty-two specialized units, and two groups of general studies which all could be summarized as follows:

A.- Divisions:

1. Division of Documentation, Training, and Calculations.
2. Division of Programming and Follow-up.
3. Division of Income and National Accounts.
4. Division of National Economic Structure.

B.- Specialized Units:

5. Unit of Agriculture and Land Reclamation.
6. Unit of Irrigation, Drainage, and the High Dam.
7. Unit of Industry and Energy.
8. Unit of Construction and Housing.
9. Unit of Communication and Transportation.
10. Unit of Internal Trade
11. Unit of External Trade
12. Unit of Insurance and Banking
13. Unit of the State Budget.

14. Unit of Population and Man-power
15. Unit of Business Organization
16. Unit of Social and Welfare Services
17. Unit of Organization of Administrative Government
18. Unit of Commodities and Services Balances
19. Unit of Income and Transfer Payments Balances
20. Unit of Input-Output
21. Unit of Follow-up of Execution
22. Unit of Foreign Aid.

C.- Groups of Studies :

1. Operational Research Group
2. Economic Research Group.

B.- Department of Statistics

The Department of Statistics is the second branch within the structure of the Ministry of Planning

C.- Institute of Planning

The Institute of Planning was established in 1960 for research in Planning and for training in the techniques of planning.

The Minister of Planning is the head of its Board of Directors, whose membership includes the Under-Secretaries of the Ministry of Planning, and a number of professors from Universities and representation from the business sector.

C.1.(b) Relation of the Central Planning Agency to;

C.1(b).(i) Cabinet Council of Ministers

The Minister of Planning is a member of the Executive Council, and within the Council, he is also the head of the

Ministerial Committee for the Financial Affairs. The Vice Minister of Planning is a member of the Executive Council, and also a member of the Ministerial Committee for Economic Affairs and the Ministerial Committee for the Financial Affairs. Hence planning is well represented in the Executive Council and its Ministerial Committees.

C.1.(b).(ii) The Ministry of Finance and Other Ministries.

The Minister of Planning is in the same time the Minister of Treasury, which prepares the draft of the State Budget. Hence full coordination between the functions of the two Ministries in the preparation of the Budget and the Plan is guaranteed. The relationships between the Ministry of Planning and other Ministries is regulated by the Presidential Decree No. 1329/1960, as indicated above.

C.1.(b).(iii) The Legislature:

The State Budget as well as the Economic and Social Development Plan must be approved by the Legislature. In view of the fact that the responsibilities of the Ministry of Planning and its jurisdiction do not involve any executive functions, and is confined to research studies, preparation of the plan and evaluation of progress in its execution. Since the execution of the plan is undertaken by other Ministries, the relationship between the Ministry of Planning and the Legislature rests, on the approval of the plan, and the preparation of the follow-up and evaluation reports.

C.1.(b).(iv) Regional and Local Governmental Agencies,

C.1.(b). (v) Non-governmental organizations and enterprises

Please refer to the above mentioned Presidential Decree No. 1329/1960.

C.1.(b) (vi) The General Public

The Ministry of Planning has formed "The Committee for National Guidance in the Field of Planning" whose membership include leading editors of the press, radio and television officials, officials of the Ministry of Culture and National Guidance, and experts of the Ministry of Planning and other Ministries. The activity of the Committee is to suggest ways and means for spreading knowledge about planning, the plan and its targets; it gives Public Relation Offices in the different ministries, the press, radio and television, facts and figures and material on development to be used in their publications, editorials, and programmes. The Committee also publishes few simplified bulletins about planning, for enlightenment of the general public to induce participation and wider interest of the public in the operation and execution of the plan and to create massive interest in planning and its role in better utilization of individual and national resources to satisfy individual and national ends.

C.1.(c) Relation of economic, social and scientific research institutes to planning system.

With the execution of the specialized internal committees that are formed in the Ministries and Departments to study a

sectorial problem, the joint committees of the ministries, departments and public organizations always draw upon the experience of the specialized experts in the universities as well as the economic, social and scientific research institutes.

Research centres in economic, social and scientific fields are to the largest extent, apart of the government structure. Policy questions and research activities are worked out and agreed upon by the centres and the Ministries concerned, to guarantee the coordination between research activities and their application to existing problems. Research work in the United Arab Republic has been directed in many fields to problem-formulation and problem-solving activities, as required by the business sector or by the administrative and executive departments of the government.

C.1.(d) Development of training facilities
including short-term courses, for
different groups of personnel required
for planning.

In 1960, the Institute of National Planning was founded in the United Arab Republic as an independent public agency to further researches and studies in national planning and provide training related to the formulation and execution of the economic and social development plans. The Institute has already bridged a serious and a felt gap in the training of personnel required or engaged in planning of different specializations e.g. economists, statisticians, administrators, doctors, engineers, etc. The Institute also conducts a long-term research program on the structure and growth of the United Arab Republic economy and

the adoption of suitable planning techniques. Since 1955 to 1960 personnel engaged in planning had been getting on-the-job training with the aid of foreign experts of diversified specializations coming from different European countries, i.e. Netherland, France, Norway, Eastern Germany and others. A number of those working with planning got training also in many Western and Eastern European countries.

C.2. Execution of the Plan

C.2(a) Changes required in traditional methods of policy-making and administration.

The establishment of the National Planning Commission by the Law 141/1955 has ushered in the United Arab Republic the planning era that has as its first achievements the execution of the first annual plan for the fiscal year 1960/1961. The formulation and the execution of the development plans have introduced changes in methods of administration and in policy making. For, in the planning era, policy-making has to be in line with the objectives of the National plan. All major decisions and administrative reorganization have been taken since 1960, in the light of mobilization the resources and population energies to fulfill and realize the national objectives and goals worked out and agreed upon in the National Plan. Thus, more coordinated economic and social decisions are taken, in consistency with planned activities to fulfill national goals.

C.2. (b) Methods of translating the overall plan
into specific action designed to achieve:

C.2. (b). (i) The desired level and pattern of
investment.

The State Budget and the National Plan figures and estimates are identical for the Public Sector. The Budget regulates, itemises, and allocates the appropriation for investment for every government agency, be it administrative or in the business sector. The revenue side of the Budget and the Tax Laws give an incentive for the private sector to invest in those economic activities that enjoy tax exemptions. The plan itself shows and indicates the pattern of investment for the private sector. The different ministries, within their jurisdictions, and by the application of licencing can prevent or limit the investments of the private sector to the levels prescribed in the plan. Incentive measures and policies are taken to encourage the private sector to invest in certain activities specified amounts which are allotted in the plan to the private sector.

C.2. (b). (ii) The desired rate of saving:

To achieve the desired rate of saving within the private sector, fiscal, financial, as well as incentive policies and measures are undertaken. Commodity taxes, social insurance policies, a relatively high interest rate on the deposits in the postal savings encourage savings by various income groups. Graduated interest rates on time-deposits when left undrawn upon in the commercial banks for longer periods, encourage high income groups to save. Issues of new bonds and shares of stocks at small face-values to be within the reach of the low-income groups, encourage increase saving of these groups. All these

measures induce higher rate of saving within the private sector. Savings in the public sector is regulated by the budget, as has been mentioned previously, along with regulations governing the levels of retained and distributed profits in the organized business sector, namely, the corporations, in which sector the bulk of national savings originate .

C.2.(b).(iii) The desired level and composition of imports and exports:

In addition to the National Plan and the State Budget the United Arab Republic formulates the "Foreign Exchange Budget" which reflects the foreign component or the Rest of the World Sector of the National Economy within the Plan. The foreign exchange budget is one of the main instruments of the plan and its execution. It is been prepared annually in conjunction with both the annual plan and the State-Budget.

The Foreign Exchange Budget shows the sources and uses of foreign exchange. The sources side indicates the country's goal for earnings from export of itemized goods and services, of foreign loans etc. by country and currency. The uses side of the foreign exchange budget indicate payments for the importation of goods by important and group of commodities, of services, of interest and debt payments .. etc. by country and type of currency which cope with the plan.

The Foreign Exchange Budget also allocate the foreign exchange between the private and public sectors and between the consumptive, intermediary, and capital goods.

The Foreign Exchange Control Bureau administers and executes the Foreign Exchange Budget through the import and export licensings and regulations and with the help and cooperation of the Ministries concerned and responsible for the activities of the economic sectors.

C.2.(b).(iv) The desired distribution of incomes

Various measures have been applied to attain the desired distribution of income. These coordinated measures include, enforced minimum wage laws for labor in the industrial sector, minimum wage laws in the agricultural sector, maximum wage laws, the Agrarian Reform laws limiting the ownership of land to 100 faddans, the shares law limiting the ownership of shares to not more than 10,000 pounds worth, the graduated property tax on apartment houses, the graduated income tax, etc. In addition, the planned opportunities opened for more effective and remunerative employment for labor and the more opportunities open for private savers in ownership of land and new housing as well as shares and bonds affect also redistribution of income in the planned directions. All these measures work in the direction of income redistribution and narrowing the gaps between the different income groups.

C.2.(b).(v) The co-operation of the above policies, fiscal monetary and exchange rate policies with a view to maintaining economic stability.

All the above policies, fiscal, monetary and exchange rates, .. etc., are worked out in the ministries concerned as

policy proposals to be studied in the Executive Council at large or by specialized Ministerial Committees first. If the Council so agrees, the proposal then is submitted to the Presidential Council for approval. The approval of the Presidential Council involves more studies, analysis and research. All the studies and checks at these different levels guarantee the coordination of all policies to maintain the degree of economic stability required to realize the goals and ends of the economic and social development plan. In fact, these policies and measures taken, are more related to the plan and its requirements to realize its goals.

C.2.(b).(vi) Continuity, harmonization and dovetailing of plans and projects, appropriate phasing, and allowance for long lead activities.

As it has been stated earlier, through the Joint Committees of ministries, Ministerial Committee, etc.. there are also Standing Joint Committees composed of the Under Ministers. These Standing Committees look into the problems and their solutions to provide continuity, harmonization and dovetailing of plans and projects, appropriate phasing in the execution. The experts of the Ministry of Planning are represented on those Committees, and the Ministry is always consulted on such matters. The right of taking a decision and its enforcement is distributed among the different administrative and the executive levels according to the laws and regulations in such a way as to promote a speedy flow of action and responsibilities by the different units at all levels. Please refer to section (B.7) and (B.8).

C.3. Implementation in Specific Sectors

C.3.(a) Creation of required infra-structure power, transport, water, communication.

In the United Arab Republic water has always been the responsibility of the public sector for either irrigation or drinking purposes. The same could be said about communication, roads, and railway systems.

The recent developments in the United Arab Republic have entrusted the public sector with the development of power - electric, fuel, or atomic-, air, sea, and road transport, etc.. in an effort to complete, maintain, and develop the infra structure base required for accelerated economic growth. It has been repeatedly mentioned before that the plan in the United Arab Republic is a national plan, encompassing all the economic and social sectors, and in which the final frame had been based on careful study of development of each sector and its direct and indirect effects on all other sectors. Thus, provisions for development in each sector has provided for integrated and coordinated development of all other sectors including those pertaining to the infra structure of the economy.

C.3.(b) Provisions of an appropriate agrarian structure and ensuring adequate growth in agriculture, and in the marketing of food.

As it has been pointed out earlier, the Agrarian Reform Act was passed and enforced in 1952, to reorganize the agrarian structure economically and socially. Land reclamation programmes

cover both the Nile Valley and those parts of the deserts that primary researches have proved their suitability and their productive potentialities. Those new land will be distributed among farmers. Agricultural and Cooperative Credit Bank has been engaged heavily on a very low interest-rates level, and sometimes at no interest charges, to provide credit facilities and in kind to the agricultural sector for production and for investment. Such credit provisions are supervised to ensure their utilization to increase production and incomes of farmers.

Agricultural cooperatives are encouraged to help in the production and marketing of the agricultural products.

The Ministries of Agriculture, Land Reclamation and Agrarian Reform, and Public Works (for irrigation) all co-operate in the agriculture sector to provide extension services, improved seeds, insecticides, fertilizers, irrigation water, etc.. for the sole purpose of developing the agricultural sector.

The Ministry of Supplies, in cooperation with the Ministry of Agriculture and the other Ministries concerned, decide upon the prices of the agriculture food stuffs that ranges from grains and meat to vegetables and fruits that allow for cost of production plus, margins for intermediaries, the amounts of subsidies the government has to finance, etc.. .

Agricultural cooperatives have been encouraged to serve the farmers in production and in marketing of their agricultural produce as to lower the production costs and on the other hand in having the highest prices for their produce.

Attention is being paid to induce farmers to follow a utilization pattern of their resources to grow more food supplies for the market as well as to grow more staple agricultural products for exports; thus helping to provide more food for increased consumption, more link with exchange market and more earnings of foreign exchange.

C.3. (c) Realization of targets in publicly operated industries:

Publicly operated industries and businesses are classified according to the economic and social activities, and organized as follows:

1. The Minister - responsible for the economic sector - heads and supervises the Public Organizations that fall within that sector.
2. The heads of the Public Organizations form an advisory Council or Committee. The Council or the Committee is headed by the Minister responsible for the sector.
3. The Public Organization coordinates, external-audits, and plans the economic activity of the public owned and operated productive units, in collaboration with the directors of such units, as well as for those of the private sector.
4. The productive unit which prepares its own plan within the frame of the plan is in continuous consultations and deliberations with the Public Organization which it is enlisted within its jurisdiction. A Board of directors with two elected representatives of labor

and employees on its membership runs and directs the activities of the productive unit to fulfill its plan targets.

The plans of every productive unit - publicly owned or joined with the private sector - and of the organization is translated and reflected in the State Budget. These plans cover the production targets, input and manpower requirements, investment targets, etc.. The financial resources requirements, be it of self financing nature through sales of products and reserves, or bank loans and government subsidies or appropriation are listed.

The productive unit, the organisation and the Minister all cooperate in realizing their plan targets, solve whatever problem that might arise in the course of execution. Whenever a problem of a certain size and magnitude arises the problem is taken up to the Executive Council. If the problem requires a higher decision it is taken up by the Presidential Council.

It is a concreted and cooperative effort on the part of all participants to achieve the plan targets.

C.3.(d) Realization of targets both as regards production and investment in privately operated industries:

< C.3.(d).(i) Licensing

The entrance into any business-except in agriculture-requires a government license or a permit to establish one. Licensing is used as a negative measure, the refusal of issuing

a license or a permit prevents the entrance into the economic activities that are not required to be expanded or invested in.

C.3.(d).(11) Taxes and Subsidies

Tax exemptions and subsidies are used both as positive measures to encourage investment and production in the economic activities prescribed by the Plan. Some of these measures include: seven years business income tax exemption, lower or no import duties on imported capital equipment and machinery, higher import duties on imported luxury goods and articles, etc..

C.3(d).(111) Import Controls

All dealings and transactions with the rest of the world that involves the allocation of foreign exchange have to acquire an import license and a foreign exchange transfer permit.

The import license → after the approval of the Ministry concerned - is issued by the General Bureau of Importation of the Ministry of the Economy. A foreign exchange transfer permit has to be issued through the Foreign Exchange Control Bureau to complete the Administrative regulations of import controls.

A high percentage of commodity imports is in the hands of the public sector organizations and companies.

Hence, import controls regulations and practices leave no room for a loophole that might hinder the execution of the plan.

C.3(d).(iv) Credit Policy

All Banks are in the Public Sector Credit Policy has been used effectively in shaping, guiding, and sometimes controlling

sectorial activities at large, and to limit the activity of the private sector in traditional investment as in construction of luxurious apartment houses and speculative transactions in trade. On the other hand, low interest rate and extended loans repayment periods encourage the cooperative housing societies in their construction activities in low and medium cost apartment houses.

Also the credit policy of the Agricultural and Cooperative Credit Bank aims at promoting and developing production and investment in the agricultural sector.

The Industrial Bank finances small industries and small business through its liberal credit policy.

Commercial Banks advance loans at low interest rates - decided upon by the Central Bank - for investment by the private sector in the economic and social activities prescribed by the plan.

Furthermore, the operations of the Banking system for credit allocation for productive activities and tightening credit for consumptive and non-productive purposes, dampers down inflationary pressures and further the implementation of plan.

C.3.(d).(v) Price policy and price controls.

C.3.(d).(vi) Wage Policy

The price policy, wage policy and various measures of controls in the United Arab Republic are interwoven and interrelated. The general objective is to realize the plan targets while safeguarding against inflation and iflantionary

pressures. Administration of a wide range of commodity prices is effected and undue rise in wages that are not the result of labor increase in productivity is not to be allowed, in an effort to prevent unwarranted rise in the cost of production and of investment.

Prices and wage policies also take into consideration the inter relationship between cost of living and the gradual increase intended for the standard of living of the low-income groups. On the other hand wage and income policies which aim at the redistribution of income by narrowing the gaps between the different income groups, have also considered the increase of national savings to finance planned development.

C.3.(e) Expansion of Exports

In addition to the efforts to promote exports by individuals and public organizations, two administrative agencies are responsible for export promotion. These are the "General Agency for Export Promotion" and the "General Agency for Exhibitions and International Trade Fairs."

In addition to the efforts carried out for increasing and diversification of exports, the Government of the United Arab Republic negotiates with the Governments of other countries bilateral trade and payment agreements which cover a wide range of exports exportable commodities and various credit facilities to increase/ and to secure a sizeable part of the import requirements.

C.3.(f) Rationalization of marketing wage goods

Sugar, edible oil, and kerosene are the commodities which are rationed and distributed; taking into consideration the number

of family members and according to the local . Additional quantities of such goods could be purchased by individuals and families at a much higher price than those listed for the family quotas. Price of bread, flour and of staple commodities such as lentils and other food items for consumption by low-income groups are under administered prices. Textile items and shoes for mass consumption are also under price control. A variety of household goods, including kitchen and table utensils are priced by the Government. Higher prices are established for luxury goods, but not for basic goods for consumption by low-income group.

C.3.(g) Realization of targets in education and training and in social policy.

With the exception of few private schools, education and training is the responsibility of the public sector in the United Arab Republic. Education is free of charge at all levels, and compulsory at the primary level. Apprentices in the vocational training centres are paid low wage rates for inducement.

The United Arab Republic Government undertakes the responsibility to provide the public with health services, social services, etc.

The education, training, health, etc. targets are recommended by the ministers concerned and decided upon within the planning channels. The required appropriations for providing current services and for investment are allotted and allocated in the Budget. Administration and execution of such services rest with the specialized ministries and agencies, which initially

proposed their expansion. The appropriate expansion of social and welfare services is an integral part of the national plan which stresses also the improvement of existing services. The improvement and expansion of these services had been looked upon as an integral part of economic and social development and one way to effect income redistribution and increase the welfare of the population.

D. APPRAISAL OF PROGRESS

D.1. Methods of Appraising Performance in Annual and Medium Term Plans, and in Individual Projects; Means for Adjustment of Plans in Light of Appraisals.

Periodical reports about progress achieved and difficulties encountered in the erection are required by law and submitted by various Ministries, Departments of government and by the Public Organizations, and by the public companies supervised by such organizations. Producing units and enterprises in the private sector are also responsible for reporting about the projects which they execute. These reports have to include data on current production, employment, inputs, investment and other relevant information concerning the implementation towards the realization of plan targets . These reports are submitted quarterly to the Ministry of Planning which prepares a quarterly report to the President of the Republic through the Minister of National Planning. The idea of combining the planning and reporting functions in the Ministry of Planning is derived from the principles that for continuous planning to be more effective and realistic, it has to be based on close follow-up and evaluation of the execution of the annual plan. In that way, maladjustments can be corrected and foreseeable difficulties can be met, and smoothness of plan operations could be maintained. Enterprises and public organizations report on progress and

difficulties on the basis of project-by project evaluation. Ministries report on branches of activities and sectorial programmes, including those projects and sectorial development in general. The reports prepared by the Planning Ministry include in addition such information and analysis pertaining to the over-all picture of the economy, including appraisal of aggregate production, incomes and their distribution, foreign exchange position and other economic as well as financial developments.

D.1. (a) Methods and frequency of reporting and reviewing progress.

D.1. (b) Responsibility for follow-up and for action by planning and executive bodies.

Article 1_ of the Law 232/1960 declared in July 1960, stipulates that the Minister of Planning submits to the President of the Republic quarterly progress and follow-up reports by the 15th of every fourth month. In addition, a preliminary annual report is submitted by the end of the first month following the end of the planning year; and six months later the Minister of Planning submits his final follow-up report for that year. All these reports deal with the progress realised toward the plan targets and the state of the economy as a whole as well as on sectorial basis.

Article 13 of the same public law, empowers the Minister of Planning to obtain from both public and private bodies all the information needed for the preparation of the follow-up exports. Such information also include classified information

which is considered secret by organizations and private bodies submitting them. In such case, the data should be treated confidentially, and used only by the control planning officials, who would be liable by law for any infringement of rules of secrecy (Article 14).

Though the Minister of National Planning is legally responsible to the President of the Republic about programming and progress reports of development, yet he consults continuously in this respect with a Cabinet Committee, composed of a number of Cabinet Ministers mostly those concerned with economics, industrial, agriculture and social services.

The Presidential Order number 1328 for the year 1960, give the terms of reference of the Cabinet Committee, in regard to planning and periodical reporting on development, as follows:

- A) The Committee reviews the project of the annual plan before the President signs it (Article 1)
- B) The Committee studies the budget proposals, to insure that they conform to the 5-year plan and to the annual plans (Article 2)
- C) The Committee discusses the progress reports prepared by the Minister of Planning, before they are submitted to the President, and may offer remarks, suggestions or recommendations relating to the better fulfillment of the plan targets (Article 3)
- D) The Committee, either by itself, or jointly with the Economic Committee of the Cabinet, may examine any problem related to national development.

Also, the Ministerial Committee for the Economic Affairs, meet periodically at least once every two weeks. This Committee deals with the current economic problems, coordinates between the policies of execution of the different agencies whenever a bottleneck threatens execution.

Each Ministry or Agency is required to submit each three months a progress report about development, to the Minister of National Planning. The form, and detailed content of these periodic reports, are specified before hand by the Minister of National Planning, in order to insure that all the reporting units will submit the relevant progress data, according to a unified system of definitions and classifications.

The Progress Reporting Forms

There are different progress reporting forms which differ from sector to sector and number more than 50. Different Ministries, Departments or Agencies, are required to fill the specific forms pertaining to its specialized branch of activities. Each form has been designed to reveal from the national planning point of view, the situation of development and progress in one sector.

Progress here does not only mean the advance in construction and of other fixed capital in the execution of projects in the different sectors, such as irrigations, industry, electric power station, schools, etc., but it means also, the progress in realising levels of production, inputs, exports, and imports, and other items forming the national product. In education for example, the reporting would cover, the construction of new

schools as well as the opening of additional classes and the number of students enrolled in schools, and any major development in the school system, courses or regulations.

In addition to investment and production, the reporting forms cover activities, such as the money flows, savings, banking accounts, insurance reserves, prices, stocks, and wages.

The reporting about investments is done at the level of the single project, or the level of a group of repeatitive units (such as a program of identical schools or low-cost houses).

The reporting about production, consumption, imports and exports, is done on the level of the sectorial target or group of commodities in the sector. For example, in agriculture production, cotton is reported in detail giving the individual varieties, while fruit and vegetables may be all grouped in one figure.

Lastly, the third type of reporting, which is the reporting about activities, has to be done according to the particulars in each case. Insurance activities will be reported in a manner different from banking activities. Still a special form is designed to follow-up the operations and results in the organised business sector.

Consequently, these progress reports, will by necessity, originate in the individual enterprises, and dispersed branches of the administration, and then get reviewed and aggregated at the level of the planning machinery of the Ministry, then it goes to the Ministry of Planning.

Thus, the whole body of the Administration, participate in the reporting system, either through preparing the data needed, or through the analysis of performance required for the reporting system.

D.1. (c) Statistical requirements for continuous

Plan appraisal:

Needless to mention that general information and usual data obtained through the regular established statistical offices and procedures, are clearly not sufficient to build up an effective system of plan appraisal and follow-up. Established statistical series date back to the pre-comprehensive planning period. They are extremely useful and necessary, but not sufficient, for that purpose. A close and continuous cooperation is established between the statistical authorities and the planning and follow-up machinery. Such cooperation creates better coordination and understanding, but it is unlikely that statistical material, however detailed, accurate or comprehensive, will completely meet the need of the planner, who needs by necessity to judge, balance and estimate alternative situations.

In the United Arab Republic the Minister of National Planning, in line with this argument, is responsible for the statistical activities as well as for the Central Planning work and development reporting.

Plan appraisal is a continuous process that needs intensive statistical data. To show the intensity of these statistical data, summaries of three different types of forms are

given, in the following :

- A) Form No.3 to follow-up the progress in constructing industrial projects.
- B) Form No.4 to follow-up the realization of production targets and requirements in Agriculture.
- C) Form No.40 to follow-up the activities in the organised business sector.

A) Form No.3.- Progress Report About Construction of An
Industrial Project.

The form is a folder of 20 pages and contains 14 different tables.

It would need much space to be reproduced here. Thus only summaries of the important entries will be given.

Pages 1-4. General outline of the procedure of reporting and its importance, and outline of the Industrial section of the Development Plan.

Pages 5-6 Data about the project - Its location - Agency responsible for execution - Method of Financing - Public participation, Time Schedule for start and completion of construction , Time schedule of partial and full production.

Titles of projects which are essential to the full utilization of the project and other projects planned which are related to it. Account of the programme of man-power requirements training -

Difficulties encountered - Legislative, organisational and administrative measures proposed to aid in the execution of operation of the project.

Pages 7-10. Tables (1-4) Investment and Construction information. The following data are required:

1. Expenditure on Studies, Investigation, and design as well as general administrative cost for the project in its preparatory and construction stage.
2. Cost of sites, whether arable or desert land
3. Building costs itemized into - industrial buildings - offices, housing, road and other constructions.
4. Machinery, and equipment (Mechanical - Electrical, others).
5. Transport equipment (Motorcars - Locomotives - others).
6. Other construction costs.

Table 1. The items are required with respect to the project as a whole, with indication of progress accomplished up to the beginning of the current planning year, and as expected during the successive four quarters. Cost figures are subdivided into local currency and foreign currency.

Table 2. Requests the above-listed data - reporting actual happenings in the quarter or year reported.

Table 3. Requests data about employment needed for each of the previous six items in the project as a whole, and as expected during the current year, and the wages to be paid, also requests data on cost of material inputs used in construction.

Table 4. Employment - Wages - Inputs actually incurred in the quarter of year reported.

Table 5. The goods produced by the project (if it is actually producing) Total production - (quantity and unit price) for produced commodities and the total production expected during the current year.

Table 6. Actual production figures for the quarter in question, itemized by commodities.

Tables 7-8. Material inputs required for production:

1. Raw materials and semi-processed goods.
2. Fuel and energy.
3. Maintenance materials and costs .
4. Packing and other goods.

Estimates for the above items for successive quarters of the year (Table 7) and data on these as actually materialized during the quarter in question (Table 8).

Tables 9-14. Labour employed in the project:

- A) Local Labour - Administrative.
 - For Construction.
 - For production.
 - For transport, distribution, etc.

B) Foreign employees - same classification.

For each category - the labour-employed is classified into technical, administrative, skilled and unskilled.

Table 9. requests the abovementioned data for the whole year (estimate).

Tables 10-13. requests the same data for each of the 4 quarters of the year estimated).

Table 14. requests the same data for the quarter reported (actual figures).

This form is to be filled by the authority responsible for the construction or, working of the industrial project and is to be transmitted through the Ministry of Industry to the Ministry of National Planning.

B) Form No.4. Progress Reporting About Planned Targets in
Agricultural Production.

Agricultural production takes place in millions of small farm-holdings. To follow the growth of production, the Ministry of Agriculture, reports quarterly, using all the statistical and other information available to it. The Minister would ask his staff to assemble data, analyse it, and report in the following form, which is made up of 2 tables only, one for production by agricultural commodities, and the other for inputs needed for agricultural production.

Table 1. Agricultural Production is grouped and tabulated as follows:

- | | |
|-------------------------|---|
| 1. Cereals | Wheat
barley
corn
rice |
| 2. Beans | Horse beans
lentils |
| 3. Oil seeds | groundnuts
sesame
cotton seeds |
| 4. Sugar cane | |
| 5. Fibres | cotton
jute
flax |
| 6. Vegetables | |
| 7. Fruit | |
| 8. Forestry and Wood | |
| 9. Feeding materials | |
| 10. Animal products | Meat
dairy products
eggs
wool
honey
work
manure |
| 11. Fisheries and game: | fish
sponge
game |

For each of the above products, state area under cultivation, total volume of crop yielded and per feddan, sales price per unit of product, and mention whether estimates are preliminary or final.

Table II. Labour and material inputs requested for agricultural production as allocated for the 11 main groups, as indicated in Table 1 and for each agricultural commodity, produced, labour and material inputs needed are recorded as follows:

Area cultivated (1000 feddans) for crops

Data in quantity and value units

From the Agriculture sector

seeds

agricultural fodders

animal labour

animal manure

From the non-agricultural sectors:

fuel and lubricants

nitrogenous fertilizers

phosphate fertilizers

potassium fertilizers

insecticides

herbicides

processed animal feeding material

maintenance of machinery

others.

Water used for irrigation

Labour

numbers

wages.

Note: Since agricultural production is seasonal, the forms referred to above, are filled as estimates aimed at for the whole yearly agricultural production, and then actual figures are reported ex post quarterly.

C) Form No.40.- Progress Report of Activities of the Organized Business Sector.

This is yet a third type of progress reporting. It is not concerned with industrial projects or agriculture-production, but with the organized business companies chartered according to the Company Law (Number 26/1954). These companies total about 1500 in number (excluding Banks and Insurance Co's). Their activities are publicly reported in their issued budgets and final accounts. A special department in the Ministry of Economy is responsible for applying the articles of Company Law, and receives official documents.

The reporting form, as summarized below, requires that the published company data, be analysed according to a national accounting form. Some of the data required in the form may be of confidential nature, and may be submitted with due reservations of the interests of the company.

It is to be noticed that the data, which refer to a single company or to a group of companies, will help to draw a general picture of the general economic and financial situation, which is of great importance to the Public Finance Authorities, the National Planning Authorities, and the Budget Office.

1. Production Account:

- U s e s :
1. Raw materials, fuels, procurements, transport costs, commission, advertisements, insurance.
 2. Salaries and wages in cash and in kind, including subsidies to workers and material privileges.

3. Social insurance and compensations.
4. Interests paid on loans and discounts.
5. Rents paid for premises and equipment.
6. Depreciation costs.
7. Indirect taxes.
8. Balance gross profits transferred to appropriation accounts.

SOURCES:

1. Sales
2. Subsidies received for production or export.
3. Interest received.
4. Rents received.
5. Balance (gross loss) transferred to appropriation accounts.

2. Appropriation Accounts:

U s e s :

1. Production gross loss.
2. Distributed profits.
3. Direct taxes.
4. Other transfer payments (including donations)
5. Undistributed profits.

Sources:

1. Production gross profits
2. Revenues from financial investments.
3. Other profits, including liquidation of assets at values higher than book values.
4. Net loss (if any).

3. Capital Account - with reference to previous year estimates

- U s e s :
1. Land property.
 2. Constructions and buildings .
 3. Machinery and equipment.
 4. Transport facilities.
 5. Other items of fixed investments.
 6. Stocks - in production - in stores -
or in transport.
 7. Financial investments .
 8. Cash and banking accounts.
 9. Debtors.

- Sources:
1. Paid capital
 2. Reserve Funds (including replacements)
 3. Issued bonds.
 4. Long term loans.
 5. Over draft banking accounts.
 6. Creditors.
 7. Undistributed profits.

4. Share Ownership

Yearly changes in share-holders (when possible) as regards the participation of the following groups in the ownership of the corporation:

1. The Central Bank.
2. Commercial Banks.
3. Special Banks (Industrial - Agricultural) .
4. Insurance Companies and Savings Banks.
5. Co-Operative Organizations.
6. Public Enterprises .
7. Private Enterprises.

5. Bond Holders

Distribution of ownership of bonds issued amongst the groups indicated in (4) above.

6. Information Concerning :

- Loans granted and obtained from different sources.
- Creditors and debtors accounts from different sources.
- Portfolios of stocks and shares held.

7. Employment and Wages :

Quarterly information of number employed and total wages and salaries paid, including insurance, bonus, cost of living allowance and payments in kind.

D.1.(d) Use of research and studies to appraise
performance of Ministries and other
executing agencies.

The progress reports forwarded from all the producing and administrative units go through consecutive levels of studies, analysis, aggregations up to the economic and social activities and sectors.

The reporting unit, in appraising its own performance, relies on the comparison between its own derived cost of production, material, inputs, labor and wages, etc., coefficients and between those average coefficients prevailing in the economic activity and also with the theoretical coefficients.

The Productivity and Vocational Training Department in Ministry of Industry concerns itself with studying the formance coefficients of the industrial plants in an effort increase productivity. These studies involve field visits examine the plant layout, the industrial and technical processes, quality control, time and motion studies, etc.

The Productivity Department also publishes a periodical every two weeks, a monthly periodical, a quarterly bulletin, and various specialized studies. All these periodicals and studies discuss the local happenings and inform labor and management about the development of up-to-date techniques in the field of productivity and training in the country and in other parts of the world.

The budgetary reforms applied to the preparation of the budgets of the productive units as well as to the State Budget intend to up-date the accounting procedures and the financial statements of the Administration as well as the business sector in such a way that would yield themselves to coefficient analysis and comparisons.

E.- NATIONAL PLANNING AND INTERNATIONAL POLICIES

The need for International Cooperation on
the Basis of All-round Development on the
Economy of Each Country, Taking Into
Account the Best Use of Its National Resources
and Manpower.

The Economic Foreign Policy of the United Arab Republic is based on these principles:

1. The Economic co-operation with all countries, however different their political or ideological attitudes may be. This is the consequence of the political principles of positive neutrality and non-alignment.
2. Strengthen the economic relations with the developing countries.
3. International co-operation for prosperity of developing countries.
4. The exchange of technical assistance with all countries.
5. That the developed countries should increase their unconditional aid and expand their credit in volume and improve their terms of credit more in favor of the developing countries.
6. That the economic groupings of the industrialized and of the developed countries have such an adverse effect on the economic policies for development of the developing countries.

7. To find a solution to the problem of fluctuations of prices of primary materials and the unfavourable trend of the terms of trade in these products with industrial countries.

E.1. International Cooperation for expansion of trade; regional economic arrangements, trade agreements, etc.. .

The United Arab Republic strives for the expansion of the international trade. The United Arab Republic is convinced that the abolition of trade barriers and discriminatory measures prevailing in the field of international economic corporation would be the right step in the direction for economic development of the developing countries and of mutual benefit to the developed countries.

The United Arab Republic has concluded several trade agreements with about forty countries for the purpose of, the expansion of its trade with these countries. The United Arab Republic collaborates with the Arab Countries within the League of Arab States for fostering the inter-Arab countries trade. Also, the United Arab Republic has signed an economic agreement with another five African Countries - Ghana - Guinea - Mali - Morocco, and Algeria - to develop and increase trade between the African countries by means of abolishing tariff barriers gradually between them.

The United Arab Republic has adhered recently and joined the General Agreement on Tariffs and Trade (GATT).

The recommendations of Cairo Declaration (annexed) adopted by the Conference on the Problems of Economic Development, which was held in Cairo in July, 1962, reflect rightly the aspiration of the U.A.R. as well as the developing countries for solving the problems of international trade.

E.2. International Cooperation on Monetary and Financial Matters, Exchange Agreement, etc.,

The United Arab Republic bilateral trade agreement include also payment agreements, with the countries concerned. The purpose of these agreements, in addition to the expansion of trade between the co-signers, is to facilitate payments between them to guarantee more flow of trade between them.

These bilateral payment agreements allow for a credit ceiling and arrange for the ways and means of payment for those amounts that exceed the credit ceiling.

These bilateral agreements include, among its clauses the means of payment, be it in Egyptian pound or, free convertible currencies, or other means.

E. 3. Cooperation for Transfer of External Capital, both bilateral and multilateral.

The Charter of the United Arab Republic discusses the problem of external capital and its role in domestic investment and states that :

The matter calls for the setting up of system of priority drawn from the essence of the national experience. It also takes into account the nature of world capital always striving after unexploited raw materials in area not yet ready for any economic or social revival, where it could obtain highest share of profit.

In the first place, in the process of national evolution, all foreign aid with no strings attached, is accepted to help attain the national objectives. The aid is accepted with sincere gratitude for those who offer it regardless of the colour of their flags.

In the second place, in the process of national evolution all unconditional loans are accepted provided they could be refunded without difficulty or strain. Experience shows that loans are a clear operation; their problem completely ends with their amortisation and the reimbursement of their interests.

In the third place, in the process of national evolution, the participation of foreign capital as an investment is accepted in indispensable operations, especially those requiring new experience, difficult to find in the national domain.

Acceptance of foreign investment implies that a foreigner would participate in the administration. It also implies that a share of the annual profits would be transferred to the investor indefinitely. This matter should not be left without limitation.

First priority goes to unconditional aid.

The second place is reserved to unconditional loans.

There follows the acceptance of foreign investment in unavoidable circumstances, in aspects of modern evolution requiring international experience.

There exist bilateral agreements between many of the developing countries and the United Arab Republic for tied-loans and general credit facilities, where-by the United Arab Republic could draw upon these credit facilities to finance partially the foreign component of specific projects.

E.4. Multi-Country projects, e.g. river valley
development, transport, power, etc.

The United Arab Republic always cooperated with the Republic of the Sudan, in harnessing the Nile for purposes of irrigation and transportation. Nile agreements between the two countries have been enacted and in force for a number of decades. Dams along the Nile had been agreed upon by the two countries, prior to their construction.

The Multi-country projects provide an opportunity for the participating countries to mobilize and pool part of their resources to realize mutually advantageous projects and benefit from the economies of scale in cooperative activities for development as in air and sea transport. All the Arab Countries have signed in July 1962 an agreement to create a general organization for sea transportation which will provide the Arab Countries with a sizeable fleet for cargo and passenger transportation.

E.5. International Cooperation in Research,
exchange of Information, Technical
Assistance.

E.6. International Cooperation for Uniform
Statistical Procedures.

Research is one of the most expensive overheads, and its limited resources, whether financial or human, in the developing countries, constitute a strong limiting factor upon its potentialities.

Research has been left so far to the initiative of the individual countries and organizations. International cooperation in research would be of much value to all participating countries, developing as well the developed.

The flow of information and exchange of results of reasearch among countries would certainly maximize the benefits to all countries if some machinery would exist for and dissimilation of information on research.

In the field of planning, many countries have ventured into their newly developing techniques. Each country had to probe for the most efficient methodology, and in most cases, trial and error was the sole means by which pitfalls are detected and improvements can be suggested. This experimentation is valuable in itself and has helped to bring into existance in many of these countries, a group of development experts who have lived up to facts and at the same time got penetrating in-looks into theory. **These experiences are in** the first place the claim of their respective countries. However, much more gain can be obtained if some sort of systematic cooperation between countries to organize the flow of information and exchange of experiences so that the cost of trial and error might be reduced.

Concerted efforts in research and flow of information is one face of a program of mutual technical assistance.

The exchange of technical assistance bridges the lack of trained personnel.

The United Arab Republic has been receiving technical assistance through the United Nations in the form of foreign experts as well as equipment. In the meantime, the United Arab Republic has its own technical assistance program by which teachers, doctors, engineers, economists, etc., help and assist other Arab and African countries in their efforts for economic and social development. The United Arab Republic universities, schools and specialized institutions open their doors to all students from all countries, many of them are granted free education and fellowships.

The United Arab Republic believes also in international cooperation for the benefit of all countries. A uniform world statistical procedure permits international cooperation through the establishment of a statistical common language through which procedures, definition, etc.. are uniformed.

E. 7. Co-ordination of National Plans among countries either regionally or on wider basis:

International cooperation between countries in the fields of research (technical, economic, and social), the systematic flow of information and statistical data on a uniformed basis, would lead to a certain degree of coordination of national plans among countries either regionally or otherwise. So far, each country has made some efforts to keep the outside world informed about its plans and their progress. But more is still to be desired. The existence of a yearbook covering the main features and trends of annual, medium and

long term plans of the countries of the world in a systematic and comparable form is one way of bringing together the experiences of all countries and helping them to reappraise their plans, not only on the basis of their own potentialities but also in the light of each others plans. The preparation of such a periodic document would lead to others, and one can mention in particular the usefulness of another, covering projected foreign trade, financial flows, etc.. as perceived by these plans.

Also, such a concerted documentation and efforts would lead some of the countries to try to find a way to coordinate their plans among themselves and gear their national plans on a more international basis. This would avoid the adverse effect of national economic planning on the world markets in the long run if these plans were formulated in isolation from each other.

E. 8. Impact of economic growth of under developed countries on developed countries:¹

Statistics on the increase of world population are ringing the bell of danger and expressing grave facts warning us and calling for our attention.

The annual increase in population in some countries is more than double the total population of some of the more advanced nations.

Some statisticians have estimated that the total world population at the time of the birth of Christ was not more

¹ Dr. Abd-El Moneim El-Kaissouni, The Minister of the Treasury and of Planning, from his statement in The Cairo Conference on Problems of Economic Development.

than 300 million. It increased to 500 million during 17 centuries and to 3,000 million in the last three centuries.

This means that humanity has not yet become double what it was but that it increased by two thirds in seventeen centuries, but during 3 centuries only, the population of the world increased six times. This represents an extraordinary rise in the rate of increase of population worthy of consideration and appreciation.

Moreover those statisticians estimate that the increase of population at the present rate of growth will be doubled during the next 40 years and will reach six thousand million by year 2000.

If we consider the distribution of population in different parts of the world we shall find another curious fact, namely that half of the population of the world is concentrated in Asia alone where the density of population ranges between 700 and 800 persons per square mile.

This huge increase in population throws heavy burdens on developing countries. It necessitates the allocation of a part of their revenues for social investments yielding no appreciable income, such as new buildings, hospitals, schools, roads and other services over and above the expenditure used to maintain the standard of living.

If the standard of living is to be raised, the developing countries must devote additional expenditure for this purpose. This entails greater difference in the standards of living between the developing and more advanced countries.

It also leads to the increase of burdens on the offspring of this generation over and above the troubles they feel.

The economic and social development in developing countries is dictated by economic and population considerations. It also requires economic planning with a view to achieving the set objectives within a given time.

No developing country can promote its resources in this way unless it exercises its economic rights in full and unless its national will is liberated from foreign domination and enjoys sovereignty rights in exploiting its resources so that it may guarantee that the returns from that development will be to the advantage of its people, and so that the exploitation of these resources may benefit its populations.

This economic sovereignty right was upheld by the United Nations and its effect has been strengthened by political liberation and the feeling of leaders and peoples concerning the necessity of economic liberations.

It has been said on many occasions that part of what impedes investment in developing countries is that such countries sometimes seize or nationalize foreign capital thus causing tremendous loss to investors. Many developed countries have mobilized their efforts in order to obtain compensation which they consider suitable to meet such measures.

Such countries have omitted to put on the other side of the scale the heavy losses which developing countries have suffered due to the drop in their monetary reserves which they kept in the developing countries when such countries devaluated their currencies.

The devaluation of the French Franc for example on many occasions caused tremendous losses to those States within the zone of French currency. The devaluation of the Sterling in 1949 has caused substantial losses to the State-Members of the Sterling Zone. In the case of Egypt alone the losses as a result of the devaluation of the Sterling in 1949 are estimated at one third of their value in gold, that is by 150 million pounds. India, Pakistan and other States which kept their reserves in London suffered losses far more than if such reserves were valued in gold.

In their continued effort to go ahead with their economic development, developing countries face external economic problems which hamper efforts and are stumbling blocks in the path of their desired progress. Foremost among those problems is the trend of the terms of foreign trade between them and developed countries which is not favourable to developing countries. Between 1953 and 1960 the average prices of raw materials exported by developing countries dropped from 100 to 94 while the average prices of manufactured goods exported principally by developed countries rose from 100 to 109. This caused the returns that went to developing States from their world trade to diminish and consequently to the reduction of their capacity to import at a time when expansion in the importation of productive goods which they need was imperative for their economic development. Such trend made developing countries lose a substantial part of their available external resources. This loss is estimated at billions of dollars annually. It means that efforts in increasing the level

of aid for developing countries are in vain because the gain that accrues to them from those aids is offset by a bigger loss due to the fact that the terms of trade are unfavourable to them. The remedy of this state of affairs is undoubtedly industrialization as well as the diversification of export and import markets so that these countries could rely less upon the export of raw materials on particular markets in their foreign trade. If we, as developing countries try on our part to realize these objectives, developed countries can also contribute to the solution of this problem.

There are still many industrially advanced countries which impose several restrictions on their imports from developing countries. This is despite the fact that developing countries are giving various privileges to their imports from advanced countries such as custom exemption and priority in imports in view of the fact that such imports are capital goods needed for economic development.

Among the economic theories studied at Western Universities, is Ricardo's Theory of Comparative Costs.

The essence of this theory is that it is in the best interests of every state and, indeed, in the interests of the whole world that every country should produce the specific commodity in the manufacture of which it possesses advantages with regard to labour skill, abundance of raw materials or such other factors as may tend to reduce production cost.

However, among the basic principles concerning this theory is that, if a specific country or group of countries were in a position ^{to} produce all commodities, or a considerable

quantity of them at a lower cost than other countries, it would be in its interests and also in those of other countries to produce the commodities in which it has relatively greater advantage over others.

In such a case, it should leave to others the production of these commodities which it should buy from them even at higher prices than the actual cost if produced by that country because the profit which it realizes from selling its primary goods will be more than the loss it suffers from the importation of other goods.

If this theory which is logically sound to production is applied in our present world it would be in the interest of developed countries to specialize in the production of the goods which need substantial investment and scarce technical experience and to leave the production of the goods that do not need such fundamentals.

For instance the textile industry is comparatively simple and could be carried out by all the developing countries without trouble. But unfortunately it is noticeable that some developed States have begun to renew their investments in such industries. This will make it difficult for these states in the near future to abstain from such production or limit it in the interest of developing states.

The vested interests which grow round these investments create around themselves resistance to change.

There is no hope in realizing this required change unless the governments of developed countries limit new investments to some aspects of economic activity and unless all

the effort and reserves of society are directed in a way which is not against world solidarity and against the provision of equal opportunity to developing countries to expand their production and raise the living standard of their people.

It should be recommended to advanced states a policy based upon restricting the production of such commodities as developing countries may manufacture with comparative ease and affording greater facilities for their importation without such handicaps with regard to quantities to be imported or to prohibitive customs tariffs.

The United Arab Republic believes that international agreements should be concluded on primary products to include both importers and exporters of these commodities, in a bid to coordinate marketing and production and ensure the stabilization of world prices.

This State of Affairs has rendered the external financing of economic development in developing countries difficult and has caused a deficit in their balance of payments and a decrease in their resources of foreign currencies.

This general tendency of the terms of trade to be unfavourable to the developing states may be accomplished by short term and periodical wide movements in the prices of raw materials. This hampers the efforts made in drawing up a stable economic policy and leads to fluctuations in the proceeds of foreign currencies as well as to the instability of the level of national income. This at a time when developing States meet great difficulties and extremely hard terms in their efforts to borrow in order to finance their projects.

Besides the fundamental difficulty of obtaining loans themselves, there is another difficulty, namely the high rate of interests. Most of the loans which the developing countries get are subject as regards the rate of interest applied to them, to the same monetary conditions prevalent in lending States at the time the loan is contracted. If such conditions necessitate that the rate of interest would rise to seven or eight percent the developing countries pay this rate as well as the commissions, insurances and the other expenditures from which we suffer without being in any way responsible for the creation of such conditions. But if conditions necessitate the reduction of the rate of interest in lending States the developing countries enjoy this low rate.

This fluctuation in the rate of interest causes disruption in the movement of development and throws upon the developing countries a burden which they cannot shoulder.

It is the United Arab Republic's opinion therefore that international finance organizations should keep the rate of interest at which loans are given away from the periodical fluctuations of monetary markets and make this rate reasonable and stable.

The United Nations together with its related agencies aim at rendering economic and technical assistance to developing countries.

Foremost among these agencies are the Food and Agriculture Organisation, the World Health Organisation, the International Bank of Reconstruction and Development, the International Financing Organization and the International Monetary Funds, in addition to other monetary organizations whose

function is to regulate economic and technical aid in the international field besides aid and loans on the basis of bilateral agreements between the advanced and the developing countries.

It is to be noted, however, that this aid or loans obtained by developing countries either from international organizations or from big powers, has been short of the actual needs of developing countries with regard to foreign currency, particularly at a time when their profits from international trade are considerably reduced as stated above, with the result that they are in need of expanded exports for the achievement of their economic progress.

It is to be noted that most of the projects, particularly in the early stages, are mostly of the infra-structure of the economy and are designed to carry enterprises which are basic to economic development.

Such enterprises often ensure no direct profits and their effects are not felt except after a long period. It is therefore imperative that loans, contracted for financing these schemes, should be of long-term duration and at a reduced rate of interest, while their settlement should be in local currencies.

As a matter of fact, many developing countries are constrained to borrow in their early stages of development to settle the instalments and interests of their previous loans, in addition to the fact that rates of interest are showing a tendency to rise.

This stresses the need for action in a bid to increase the resources to be made available for lending and affording aid to developing countries, as well as improving lending terms.

Among the most important steps to be taken in this connection are: the increase of the resources of the International Development Association which provides easier terms for loans than those stipulated by the International Bank and also the replenishment of the resources of the United Nations Special Fund.

It would also be necessary to carry into effect the project of the United Nations Development Fund sponsored by several advanced and developing countries. This Fund may be financed by contributions by all United Nations Member-States in proportion to each country's national income.

The proportion may be one per cent but it would be a more effective method to apply a progressive rate of participation in financing the Fund, so that it may be increased in accordance with any rise in the income while there should be a minimum at which a country may be exempted from subscription if its per capita income is lower than that fixed minimum. The resources of the Fund may also be increased, by funds which, it is hoped, may become available as a sequel to disarmament.

This project is aimed at achieving to major aims for humanity: firstly, participation in development projects in small countries and raising of the level of living for their inhabitants and, secondly, easing of the effects of the

potentials of the developing countries.

dangerous race in producing highly destructive weapons which threaten humanity and adversely affect their security.

Yet it should be stressed in this connection that this internationalization of an appreciable portion of economic aid in this manner should not result in reducing present aid either from International Organizations or from great powers.

In fact, this proposed open Fund, with the resources to be accumulated therein, should prove a guarantee for developing countries to obtain the loans of which they may be in need if they fail to get them in adequate amounts or on favourable terms.

Furthermore, this Fund will provide an aspect of international economic co-operation, since it affords an opportunity to every country to participate in conformity with its specific capacity and obtain financial aid in conformity with its needs.

Another point is that foreign loans or aid should not have political, military or ideological strings attached but should be dealt with in conformity with strict economic conditions since any restriction on the borrowing country would handicap its liberty in using the loan for its national economic advantage or may be opposed to its independence and sovereignty.

While reviewing economic development problems, it should not be ignored the effects of economic blocks on world economy. There is no doubt that these blocks give their member states greater bargaining power in the international field and that they derive great benefits from large scale collective production. At the same time they are able to dominate the economic potentialities of the developing countries.

The United Arab Republic as a developing country, opposes the policy of forming blocks and Common Markets if they establish barriers aimed at preventing free world trade cooperation. It is not the intention therefore to form a new block or build barriers against anybody. The United Arab Republic wants increased international cooperation with all nations irrespective of political, military or ideological considerations.

Our economic cooperation with all peoples stems from our adoption of our policy of neutralism and non-alignment . It is based on the principle of mutual benefit among all nations, on an economic basis entirely free from any restriction or any semblance of restriction.

The United Arab Republic considers cooperation among all States whether big or small as the right path leading to the good of humanity in general and the real means for establishing peace amongst all peoples.

The United Arab Republic, also firmly believes in what has been said that the contribution which big States is the tax which the prosperous members of world society have to pay for the progress and dignity of humanity in general.

If fact, if the fruits of economic development of the developing countries are to their direct interest and advantage, yet their good will extend to more developed countries as well. By providing the developing countries with an opportunity to raise the standard of their peoples and to secure a free dignified life to their populations, economic development will at the same time lead to the efflorescence of the economics

of developed States, since it will open bigger markets for their products as well as provide greater opportunities for their investments and reserves which might be idle. This community of interest and this exchange of benefit will no doubt further world peace.

A P P E N D I X

CAIRO DECLARATION OF DEVELOPING COUNTRIES

A conference on the Problems of Economic Development was held in Cairo from 9-18 July, 1962 and was sponsored by the following countries:

- | | |
|---------------|--------------------------|
| 1. Ceylon | 7. Libya |
| 2. Ethiopia | 8. Mali |
| 3. Ghana | 9. The Sudan |
| 4. Guinea | 10. United Arab Republic |
| 5. India | 11. Yugoslavia |
| 6. Indonesia. | |

In addition to sponsoring Countries, the following countries participated in the Conference as full members:

- | | |
|-----------------------------|------------------|
| 12. Afghanistan | 22. Kuwait |
| 13. Algeria | 23. Lebanon |
| 14. Bolivia | 24. Mexico |
| 15. Brazil | 25. Morocco |
| 16. Burma | 26. Pakistan |
| 17. Cambodia | 27. Saudi Arabia |
| 18. Congo (Leopoldville) | 28. Somalia |
| 19. Cuba | 29. Tanganyika |
| 20. Cyprus | 30. Tunisia |
| 21. Federation of
Malaya | 31. Yemen. |

The following countries were represented by observers:

- | | |
|----------------|---------------|
| 32. Chile | 35. Uruguay |
| 33. Ecuador | 36. Venezuela |
| 34. Singapore. | |

The following International Organizations sent Observers:

United Nations

Food and Agriculture Organization of the United Nations,

The International Monetary Fund,

The International Bank for Reconstruction and Development ,

The League of Arab States,

Organization of Afro-Asian Economic Co-Operation,

After ten days of deliberations, in the course of which the Conference heard the statements of the Heads of Delegations dealing with the problems on the Agenda, the Conference decided to make the following declaration:

P R E A M B L E

1.- The Conference views with concern the growing disparity in the standards of living prevailing in different parts of the world.

2.- The Conference notes that despite universal acknowledgement of the necessity to accelerate the pace of development in less developed countries, adequate means of a concrete and positive nature have not been adopted to enable the developing countries to attain a reasonable rate of growth.

3.- The Conference observes that the terms of trade continue to operate to the disadvantage of the developing countries, thus accentuating their unfavourable balance of payment position.

4.- The Conference recognises that in order to ensure lasting peace and progress in the World, the developing countries must have the maximum opportunities and facilities to take the fullest advantage of their resources.

The developing countries have made progress in their economic development, in spite of unfavourable factors mainly inherited from a colonial past, relying primarily on their own resources, whilst making full use of such external assistance as has been made available to them, which assistance needs to be substantially increased.

5.- The Conference acknowledges that as a result of the progress made by developing countries, new opportunities for international co-operation amongst the developing countries have been created and maximum advantage should be taken of these opportunities to formulate and implement joint programmes and projects in the fields of education, research, technical assistance, trade, industry, transport and communication.

The Conference affirms that joint action by the developing countries themselves can solve many of their problems and will promote more rapid progress on a wider international basis.

6.- The Conference recognizes the importance of maximum mobilization of internal resources of the developing countries including the establishment of suitable institutions for this purpose.

7.- The Conference recognizes that the economic development of developing countries is meeting with increasing difficulties due partly to some international factors beyond their control and to tendencies which might have the result of perpetuating past structures of international economic relations.

8.- The Conference recalling the United Nations Declaration on granting independence to dependant countries, urges complete decolonisation as being necessary for the economic development of the dependant peoples and the exercise of sovereign rights over their national resources.

9.- The Conference affirms that the economic and social problems of developing countries could be solved effectively within a reasonably short period of time through common endeavour on the national and international planes and within the framework of United Nations Charter and of international co-operation and assistance.

INTERNAL PROBLEMS OF DEVELOPMENT

10.- The Conference recognizes that there are internal problems of economic development facing the developing countries, including the mobilization of human, material and financial resources.

11.- The Conference recognizes that rapidly increasing per capita income through accelerated economic development should be the cardinal aim of developing countries.

12.- The Conference recommends the drawing up and implementation of appropriate national development plans, as effective instruments of rapid economic growth.

13.- Countries that suffer from the pressure of population on resources available should accelerate their rate of economic development, and in the meantime take appropriate legitimate measures to deal with their population problems.

14.- The Conference recognizes the need for developing countries to take appropriate measures of agricultural reforms for raising agricultural productivity.

15.- The Conference stresses the importance of diversification and of industrialization in broadening the bases of the national economy, increasing the national income as well as in creating new job opportunities.

16.- In order that this diversification and industrialization bear fruit in the internal, inter-regional and international field, developing countries should improve the means of transportation and communication among them.

17.- The Conference recognizes that a deficiency, common to developing countries is the lack of adequate skilled manpower and of technically and scientifically trained personnel. It is therefore vital that all developing countries should launch more intensified programmes for imparting technical and scientific training to a much larger proportion of their population.

18.- The Conference stresses the importance of the maintenance of financial and monetary stability, the encouragement of savings and the mobilization of resources for economic development.

19.- Public and institutional savings should be developed as major sources of domestic financing of development. In this respect, care should be taken to co-ordinate domestic sources of financing with the foreign resources available.

20.- The mobilization of savings and formation of capital through proper utilization of human resources, in particular by community development techniques, should be given special care by the developing countries.

21.- The experience gained by developing countries in their internal development is increasing continuously and it is of the greatest value for co-operation both among themselves and as between them and the developed countries.

CO-OPERATION AMONG DEVELOPING COUNTRIES

22.- The Conference considers that expansion of trade between developing countries, particularly on a regional basis, can make a useful contribution to economic development and recommends that appropriate measures be taken to promote this objective.

23.- The Conference calls upon the developing countries to undertake initiative for the promotion of mutual, bilateral and broader relations in the fields of trade, payments, financing, technical and scientific co-operation, industrial co-operation, transport and communications.

24.- The furtherance of trade and co-operation between the developing countries necessitates the establishment of suitable means of transport and communications, between them in addition to the traditional trade routes and the provision of administrative and transit facilities.

25.- The Conference took note of the concern expressed by certain landlocked countries regarding transit facilities, including access to the sea and recommends that appropriate facilities of access to the sea, the use of ports, transport and transit facilities should be extended to and from ports in the littoral countries.

26.- The Conference is agreed that close co-operation should be established amongst developing countries producing primary commodities with a view to coping with marketing problem including improvement of quality, as well as other matters relating to the exchange of goods and services. Joint action should be taken to promote the study and forecasting of world market trends including fluctuation of prices, production stocks and consumption of raw materials.

27.- The Conference recommends to the governments of participating countries to promote co-operation amongst themselves in all problems of common interest such as the implementation of projects of geological surveys, land reclamation, training centres, as well as in the preparation of investment projects and study of possibilities for financing them through national or international means.

28.- The Conference particularly draws attention to the need of a more intensive study of problems relating to mutual trade of developing countries.

III

PROBLEMS OF INTERNATIONAL TRADE

29.- The Conference notes that a rapid expansion in the export earnings of the developing countries is vital to their economic development.

30.- The Conference is aware that the problems facing the developing countries in the field of international trade require continued action and mutual consultation on the part of developing countries and recommends the governments of participating countries, as well as the governments of other developing countries to continue consultations in order to:

- Exchange information and views between them on questions regarding economic relations with industrial countries.
- Concert mutually the attitudes to be adopted by them with regard to economic questions examined by international organizations.
- Exchange views and prepare the ground for concerted action in connection with any negative effects of integration policies of industrial countries.

31.- The Conference invites the industrial countries to adopt as a matter of urgency, a programme of measures for the abolition of tariff and non-tariff and of all other discriminatory economic barriers adversely affecting the exports of developing countries.

32.- The Conference urges, in the interest of producer and consumer countries alike, that concrete and resolute steps be taken within the framework of the United Nations Organization for the purpose of stabilizing international primary commodity markets in short term as well as in the long run, on a fair and remunerative basis and taking into consideration the trend of prices of manufactured goods.

33.- The Conference urges the Governments of the participating countries to continue studying the problems with a view to initiating regional or world-wide programmes of stabilization. To this end the Conference urges the industrially advanced countries to operate their stock disposal programmes without jeopardising the interests of primary commodity producing countries.

34.- The Conference recommends the immediate and energetic implementation of the programme of action adopted by GATT with a view to improving the prospects of the exports of developing countries.

35.- The Conference invites the participating Governments to co-operate effectively within the framework of GATT for the purpose of protecting their common interests.

36.- At the same time, the Conference considers the establishment of an international compensatory financing system, a matter of great urgency and invites the International Monetary Fund to examine the undertaking of measures for a more effective balancing of payments of developing countries.

REGIONAL ECONOMIC GROUPINGS

37.- The Conference expresses its apprehension that regional economic groupings of industrialized countries will adversely affect the interests of the developing economies, if conceived and operated in a restrictive or discriminatory manner.

38.- The Conference considers that international trade should expand on the basis of equality and non-discrimination and that actions should be taken to minimise the consequences of the various economic communities and associations of the industrialized countries on the economies of the developing countries as well as on world trade.

39.- Such action should take the form of industrialized countries adopting positive and continued measures to ensure that exports of developing countries to their markets are enabled to expand steadily on a non discriminatory basis, with a view to enable the developing countries to rectify their balance of payments position.

40.- The Conference urges that where any revised tariff arrangement and non-tariff barriers adversely affect the interests of any of the developing countries, measures should be adopted which would counteract such adverse effects.

41.- The Conference considered the possible impacts of economic groupings on the economy of developing countries and agreed that in formulating their policy of economic relations with the industrial economic groupings, the developing countries should take into consideration the effects of such relations on their programme of industrialization and on their trade structure.

ECONOMIC AID FOR DEVELOPMENT

42.- The Conference affirms its support for international aid based on mutual respect and common benefit, and recognizes the usefulness to developing countries of all aid given on this basis.

43.- The Conference notes that the present volume of international aid, although it has contributed to the development of developing countries, is not sufficient and its forms and methods are not wholly satisfactory. This results in widening the gap between developed and developing countries and by diminishing the quantum of trade, affects adversely world economic activity and progress. Consequently, the demand for imports from and level of economic activity in the industrial countries are adversely affected.

44.- The distribution of international aid has also tended in the past to be uneven and the Conference urges that steps be taken to correct this situation.

45.- The Conference particularly draws attention to the necessity of ensuring the continuity of international assistance as well as the necessity of integrating international assistance with national economic development plans and programmes.

46.- The Conference emphasizes that international financing must be designed to promote the economic and social development and economic emancipation of developing countries, which can be best achieved through public financing in the form of low-interest, long-term credits and other forms that do not burden unduly the balances of payments of developing countries.

47.- The Conference urges that the financing of projects through IBRD and IDA and other international institutions be further expanded.

48.- The Conference appeals that the recommendation of the General Assembly concerning the allocation of 1% of the combined national incomes of the economically advanced countries for the economic development of developing countries be implemented as a matter of urgency.

49.- The Conference stresses that the general tasks of international financing can be achieved in the most adequate way through channelling of such assistance to a greater extent through the United Nations and urges, therefore, that SUNFED should start its work without delay in accordance with Resolution 1521/XV of the General Assembly of the United Nations.

50.- The Conference appeals to the economically developed countries to increase, in accordance with the recommendations of the General Assembly of the United Nations, the volume of international financial aid for development and to implement as soon as possible the solemn Declaration embodied in the United Nations General Assembly Resolution 724 A (VIII) on the allocation of a portion of any savings resulting from disarmament to a fund for the economic development of developing countries.

VI

INTERNATIONAL TECHNICAL ASSISTANCE

51.- The Conference recognizes that the lack of adequate skilled manpower and trained personnel is one of the major obstacles to economic growth in the developing countries. Thus all measures intended to develop scientific, technological and human resources in such countries become of vital importance.

52.- In this respect, the programme of international technical co-operation conducted by the United Nations and other mutual programmes of technical assistance have been and should continue to be of great value and help to developing countries.

53.- Technical, professional and managerial training in developing countries must be carried on at a rate far exceeding what would be justified by their own financial resources. The Conference urges therefore a substantial increase in the funds provided by the United Nations and advanced countries for training activities.

54.- Increasing efforts should be made to adapt scientific research and technological developments to the specific conditions and requirements of the developing countries.

55.- The Conference recommends that measures be taken to increase the exchange of experts and technicians between the developing countries on the one hand and among the developing and developed countries on the other hand.

VII

UNITED NATIONS DEVELOPMENT ACTIVITIES

56.- The Conference invites the participating countries to co-operate closely in the United Nations and other international bodies with a view to ensuring economic progress and strengthening peace among all nations.

57.- In this sense, the Conference recommends to the governments of participating countries to strengthen the economic and social activities of the United Nations.

58.- The Conference welcomes the initiative of the United Nations expressed in the General Assembly Resolution 1707/XVI entitled "International trade as a primary instrument for economic development".

59. The Conference declares itself resolutely in favour of the holding of an international economic Conference within the framework of the United Nations, and calls upon developing countries to work for the convening of this Conference at an early date, in 1963.

60.- The Conference recommends that the agenda of the international economic conference should include all vital questions relating to international trade, primary commodity trade, economic relations between developing and developed countries.

61.- The Conference welcomes the aims of the "United Nations Development Decade" and urges the taking of adequate measures for the implementation of these aims, considering that the activities of the Economic and Social Council of the United Nations should be particularly intensified in this respect, and recommends the participating countries to co-operate effectively towards the achievement of the targets set.

62.- The Conference recommends that the participating countries take full advantage of the forthcoming Conference of the United Nations on the application of Science and Technology for the benefit of the developing countries, including the possibility of establishing an agency for science and technology for the promotion of the technological advancement and the building up of the scientific structure in the developing countries.

63.- The Conference recommends to the United Nations that the Executive Secretaries of the regional economic commissions, meet periodically to discuss matters of common interest with a view to promoting economic co-operation between the Regions and to make available periodical reports about the same.

VIII

RECOMMENDATIONS FOR FURTHER CO-OPERATION

64.- The Conference requests ~~its Chairman to transmit its~~ Declaration formally to the Governments of participating and other interested countries and to the Secretary-General of the United Nations so as to be included in the agenda of the Seventeenth Session of the General Assembly of the United Nations as a separate item.

65.- The Conference urges the participating countries to keep continuously in touch with each other on all matters relevant to the implementation of the conclusions of the Conference.

66.- In particular consultations should be established , whenever appropriate, to ensure co-operation between the participating countries in the presentation of the conclusions reached in Cairo both in the meetings of the United Nations General Assembly and of other international agencies.

67.- In order to ensure the effective continuity of their economic efforts, the participating countries agreed to call meetings, seminars, expert groups and Conferences that will further the development aims of developing countries as well as the cause of a just and equitable economic co-operation among all Nations.

68.- In view of the proposed United Nations World Trade Conference, mutual consultations and studies should be initiated to ensure the proper presentation of the points of view of the developing countries in the Conference.

69.- The Conference invites the developing countries to co-operate closely with a view to ensuring economic progress and strengthening Peace among Nations.